

# The Nation's Business

Agriculture . Mining . Manufacturing  
Transportation . Distribution



Finance . Education . Professions  
Government . Altruism

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## Opportunity of the Federal Trade Commission

Upon a basis of natural resources, inventive genius, and individual initiative American business developed its structure, the form and practices of its units, its aggregations, and its interrelations without guidance other than the processes of competitive elimination. For directness and efficiency American business organization has become known around the world. About the business institutions of the country there is a distinctiveness in form and character which is everywhere recognized as national,—as American.

But for twenty-five years American business men have had to act in the midst of uncertainty,—each one in doubt what he could do to accord to standards which had no necessary relation to business principles, no matter how high. This confusion and uncertainty was caused by a law designed to prevent abuses of business institutions which would result in public detriment. In the midst of highly complex business activities no interpretation of the law was vouchsafed. Its principles were not so expressed that they could be used as a touchstone to prove the legality or illegality of new situations which every new day saw.

The Federal Trade Commission, the members of which will meet this week for the first time, has an opportunity to inaugurate a new order of things, at once better than the days when business was largely unrestrained and better than the later

days when it has been subject to indeterminate regulations; for the Commission can make clear what all men in competition may do and what all men may not do. Even in disintegrating business combinations and in stopping methods of competition which are unfair it can make its reasons for action and the remedies it adopts significant of true direction of constructive business development. Thus, the Trade Commission has before it an opportunity to be the nation's instrumentality for creating a uniformity of business spirit throughout the country, for promoting a national structure of business, for assisting earnest business men to new achievements which will bring yet greater respect in the markets of the world for distinctive business attributes long ago recognized as worthy national characteristics. The justification of the Commission will be in the extent to which it gives constructive and timely aid to business.

This is a big task for big men. If the Trade Commission devotes itself to investigations of no constructive significance, if it sits merely as a court of inquisition deciding narrow issues of fact, it will fail to equal its unique opportunity for national usefulness at a critical moment when American business enterprise, taking a new part in international business because of events that could not be foreseen, peculiarly needs constructive guidance.

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# THE NATION'S BUSINESS

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ROBERT D. HEINL, ASSOCIATE EDITOR.

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## THE CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

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THE April number of THE NATION'S BUSINESS will be issued under the editorial direction of Dr. Louis E. Van Norman, of New York. Dr. Van Norman is an editorial writer of wide experience and was formerly an editor of the *Literary Digest* and afterwards, for a number of years, assistant editor of the *Review of Reviews*.

THE Board of Directors will meet at Washington March 17 and 18 and will have a large calendar of business to consider, much of which has been brought forward from the Annual Meeting.

Although a number of resolutions were introduced at the Annual Meeting, they were given careful consideration and twenty-nine of them were referred to the Board of Directors for action. Some of the subjects covered by these resolutions are water-power legislation, fire-waste, the establishment of an arbitration and legislative reference bureau at the headquarters of the National Chamber, amendments to the patent laws, gaining another hour of daylight by altering standard time, a pure fabric law, and the adoption of the most favored nation clause in commercial treaties concluded by the United States.

The Board will also consider the six resolutions, which were adopted by the delegates at the Annual Meeting, and devise measures for carrying out their purpose. The resolutions cover the question of a national budget, allowing deductions from taxable incomes of all losses however incurred, a tariff commission, a committee representing business to cooperate with the Federal Trade Commission, increased appropriations for commercial statistics, and the Deitrick amendment to the army appropriation bill in relation to industrial efficiency.

THE referendum on the report of the Chamber's Special Committee on Merchant Marine is being prepared in accordance with the action of the delegates at the Annual Meeting. The provision of the by-laws, which requires forty-five days for taking a vote on each referendum, precluded the possibility of obtaining any results to present to Congress before it adjourned March 4. Accordingly, the form and substance of the refer-

endum pamphlet will be reviewed also by the Board of Directors at their meeting and later submitted to the organization members for ballot.

In the ordinary course Congress will not convene again until next December, although there was some discussion of a session in October. Whatever developments may take place in the meanwhile as to further advocacy of the Ship-Purchase Bill, the Chamber by that time, as a result of the referendum, will be able to adopt a definite position in regard to measures for reviving our merchant marine.

AN important contribution to the literature regarding commercial organizations will be found in the address of Mr. Harry A. Wheeler of Chicago, first president of the National Chamber, which is printed in this issue. This address was prepared for delivery at the Annual Meeting and reviews both the services which have been rendered by national and other trade organizations and those which lie within the scope of every chamber of commerce, and also outlines in a very stimulating and vivid manner the possibilities and duties which devolve today on every organization of business men.

Mr. Wheeler lays stress on the fact that commercial organization is the most significant influence for good that has developed in the United States within the present generation. No one is better qualified to express an opinion on the subject. Commercial organizations in this country are as yet at the gateway of their field of usefulness. Their future development along lines of service to business and to communities in which they are established is a matter of concern to every one interested in the public welfare.

A REVIEW of the Seamen's Act, which was signed by the President on March 4, appears on another page of this issue. Passage of this legislation has been debated in Congress, at intervals, for over a year. The measure has been widely discussed and has been supported and opposed with equal energy. Much attention has been given to the question by chambers of commerce and commercial organizations particularly on the Seaboard and Great Lakes.

# The Deitrick Amendment

ONE OF the six resolutions affecting business, adopted at the recent Annual Meeting of the National Chamber, carried a protest against the so-called Deitrick Amendment to the Army and Navy Appropriation Bills. Both bills were finally agreed to by the House and Senate and have become law with this provision attached.

The Deitrick Amendment forbids the use of any part of the appropriations for the payment of persons engaged in determining efficiency standards by means of stop-watches or time measuring devices, and also the use of any part of the appropriations for the payment of bonuses. It would appear that Representative Deitrick of Massachusetts, author of the amendment, together with those who supported it, were opposed to the so-called Taylor System for developing efficiency in government arsenals and shops. In general terms, this system is based on a scientific study and observation of the actual work and movements of employees, and upon a system of bonuses awarded such employees who attain efficiency above certain fixed standards.

As the amendment to the Army Appropriation Bill had already been passed by the House before the annual meeting, very little time was afforded for the Chamber to make a full presentation of the matter. Nevertheless, copies of the resolution as adopted were transmitted formally to the President of the Senate and the Speaker of the House, and also to each member of the Senate and House of Representatives.

## SENATE PROCEEDINGS

The Senate Committee on Military Affairs which reported the army appropriation bill to the Senate on February 22, struck out the amendment, and the Senate on February 23, in voting on this proposition supported its committee by a small majority. In passing on the question, the Senate considered it in two parts, (1) the use of any part of an appropriation for the payment of persons to determine efficiency standards by means of stop-watches or time measuring devices, and (2) the use of any part of an appropriation for the payment of bonuses. A feature of the subsequent balloting was its non-partisan character. A motion to table the first proposition was lost, 27 to 33. On this vote there were 27 Democrats in the affirmative and 7 Republicans, the negative showing 11 Democrats and 22 Republicans. On the question of the Senate supporting its committee in striking out the amendment, the vote on the stop-watch question was 31 yeas and 29 nays and on the question of bonuses, 33 yeas and 27 nays.

A similar provision was incorporated in the Navy Appropriation Bill (H. R. 20975) while the bill was being debated in the House, the amendment being added by Mr. Buchanan of Illinois. This amendment was made the subject of a point of order insofar as the language used sought to make it permanent legislation instead of a limitation on a particular appropriation. The House finally adopted the amendment by a vote of 82 to 21. In the Senate, the language which had been the subject of a point of order in the House was reincorporated by the committee on Naval Affairs in reporting the bill and once more stricken from the bill on a point of order when under debate in the Senate. The remainder of the amendment was subsequently, during debate,

stricken out on motion of Mr. Oliver of Pennsylvania. The conference committee reincorporated the amendment in the bill and the action of the conferees was formally ratified by the House which accepted the conference report on March 2.

## FINAL ENACTMENT

In reporting the Naval appropriation bill to the Senate, Mr. Swanson for the Senate conferees explained their action in receding from the action of the Senate in striking the text of this provision from the bill on the ground that the conference committee had agreed that on this proposition they would be controlled by the vote of the House. Inasmuch as the House had adopted this proposition both in the army and navy bills (in the latter case by a vote of 82 to 21) the Senate conferees then felt that they should yield in order not to delay the passage of the bill. This action of the conferees paved the way for an agreement on the army bill.

## THE ARGUMENTS USED

The author of the amendment, Mr. Deitrick of Massachusetts, in supporting it in the House, while the Army bill was under discussion, said:

"My contention is that in the speeding up process, such as is employed at the Watertown arsenal, there is not to be found real efficiency. This alleged efficiency system creates discontent among the workmen. It humiliates them. It makes them uncertain of their jobs. It contains many pitfalls. It increases the possibility of serious, if not fatal, injuries to the workmen. It causes a waste of material and the whole atmosphere surrounding such a system tends to injure the health of the employees and results in a nervous state of mind which is wholly undesirable in a well regulated shop."

"The primary purpose of this system is to force a larger output to get more out of the plant with the same, or a less number of workmen."

The Taylor system has been in force at the Watertown arsenal for approximately five years.

The comment of the Secretary of War on the incorporation of legislation of this sort in the army appropriation bill is significant. In a letter to the President of the Senate under date of January 30, 1915, the Secretary states:

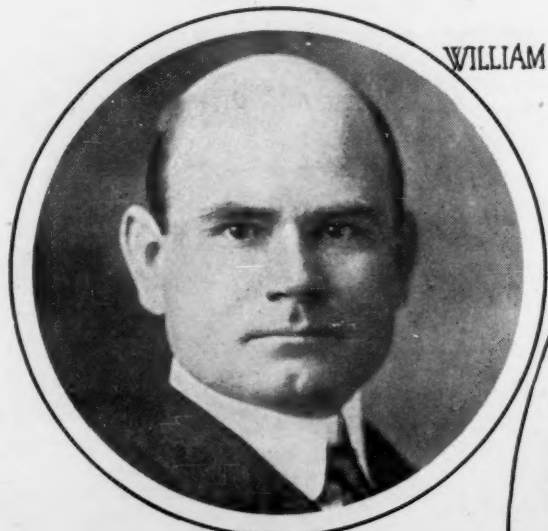
"The purpose and effect of this amendment is to prevent scientific management in the branch of the business of the Government which is affected by it. Surely this is a subject-matter of great importance and should be dealt with directly and only decided after careful investigation and deliberation. \*\*\* When brought to my attention I requested the Commission on Industrial Relations to carefully investigate this whole subject-matter with a view to reaching a proper conclusion thereon. \*\*\*"

In connection with the amendment in the army bill, attention was called to the fact that the only arsenal in which the stop-watch system is used is the Watertown arsenal, which does not use any of the money carried by the army appropriation bill, but does its work under funds carried in the fortifications bill, a bill which does not carry the Deitrick amendment.



# Appointment of the Federal Trade Commission

The Act creating the Federal Trade Commission became law September 26, 1914, and provides for the Second new administrative body affecting the relations of government and business created by Congress within twelve calendar months—the Federal Reserve Board is already established; the Federal Trade Commission is now formally appointed and ready to organize.



WILLIAM J. HARRIS



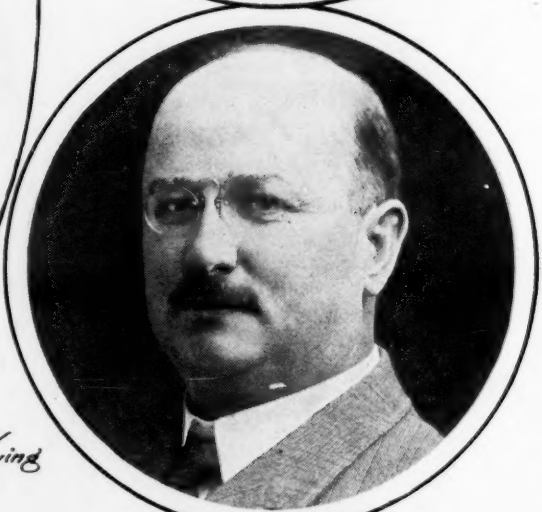
JOSEPH E. DAVIES



EDWARD N. HURLEY



GEORGE RUBLEE



WILL H. PARRY

Photos by  
Harris + Ewing

WITH the organization of the Federal Trade Commission an important new branch of the government will be realized. The nominations sent to the Senate by the President on Washington's Birthday, for confirmation, were as follows:

Joseph E. Davies, of Wisconsin, now Commissioner of Corporations; for a term of seven years.

Edward N. Hurley, of Illinois, President of the Illinois Manufacturers' Association; for six years.

William J. Harris, of Georgia, now Director of the Census; for five years.

William H. Parry, of Washington, financier and builder; for four years.

George Rublee, of New Hampshire, a lawyer, a member of the National Chamber's Committee on Trust Legislation; for three years.

The first four nominations mentioned above were approved by the Senate Committee on Interstate Commerce, to which all five were referred, and confirmed by the Senate as a whole. Opposition arising, which prevented the confirmation of Mr. Rublee before adjournment, has led the President to make an interim appointment. Mr. Rublee will act as a member of the Commission until the 64th Congress convenes when the matter will be finally determined by the Senate.

MR. DAVIES was born in Watertown, Wis., in 1876. He was graduated from the University of Wisconsin and afterwards from the law school of that university. Mr. Davies served as the prosecuting attorney of Jefferson County in Wisconsin for four years, and was afterwards engaged in the practice of law at the state capital. He tried numerous cases

in the Supreme Court of the state between the years 1907 and 1913.

As Commissioner of Corporations, Mr. Davies collaborated with the House and Senate committees in connection with the Federal Trade Commission bill. He also had to do with the Clayton bill. In fact, Mr. Davies has prepared many reports dealing with various industries, among them the taxation of corporations, the conflict of state laws of the United States as to corporations and the trust laws in foreign countries.

MR. HURLEY was born in Galesburg, Ill., in 1864. He received his education in the public schools of Galesburg. He became a railroad fireman and afterwards an engineer. He was a traveling salesman for seven years. Mr. Hurley is credited with having originated and developed the pneumatic tool industry in the United States, and was the organizer, president and treasurer of the Standard Pneumatic Tube Company of Chicago. Since 1902 he has devoted his attention to farming and manufacturing. He is the president of the Hurley Machine Company and also of the First National Bank of Wheaton, Ill. He was designated to study trade conditions and credits in South America by President Wilson, and, as has been stated, is now president of the Illinois Manufacturers' Association.

MR. HARRIS was born at Cedartown, Ga., in 1868. After his graduation from the State University of Georgia he entered the general insurance business in which he has continued since that time. In 1907 Mr. Harris organized the Georgia Fire Insurance Company at Atlanta, and during the same year the Farmers and

Mechanics Bank of Cedartown. He became president of both institutions. Mr. Harris has been the Director of the Census since 1913.

MR. PARRY was born in Oregon in 1865. He received his education at Columbia University. He later engaged in newspaper work and at one time was the city editor of the *Seattle Post-Intelligencer*. As city comptroller in the early '90s he was largely responsible for working out the financial details leading to the development of a project which gave Seattle a municipally owned water plant. Later he served as president of the city council.

As manager of the Moran ship-building plant he had to do with the financial arrangements which made possible the enlargement of that plant to build the battleship *Nebraska*. When the plan for holding the Alaska Yukon Pacific Exposition in 1909 was proposed, Mr. Parry was chairman of the ways and means committee. He is president of the Seattle and Lake Washington Waterway Company and treasurer of the Seattle Chamber of Commerce.

MR. RUBLEE was born at Madison, Wisconsin, in 1868. After graduating from the Harvard Law School in 1895, he became an instructor there. He then practiced law in Chicago until 1898. Later he engaged in the practice of law with Victor Morawetz in New York. For a certain period he was assistant counsel for the Atchafalaya, Topeka and Santa Fe Railway. He has also spent four years studying government, international law and kindred subjects at the *Ecole Libre des Sciences Politiques* in Paris. In 1910 he became a member of the law firm of Spooner & Cotton of New

York. Together with Louis D. Brandeis, he was counsel for Mr. Glavis in the Ballinger-Pinchot investigation, preparing the brief in the case. For several months past he has been counsel for the Alaskan Engineering Commission.

A general discussion of the aim and scope of the Federal Trade Commission Act was delivered by Mr. Davies at the Third Annual Meeting of the Chamber of Commerce of the United States, and reprinted in the February Number of *THE NATION'S BUSINESS*. Generally speaking, the power of the Commission will be of two kinds, investigative and quasi-judicial. Under the terms of the Act, the Bureau of Corporations will cease to exist immediately upon the organization of the Federal Trade Commission, the employees of the Bureau becoming employees of the Commission.

It was estimated by the House Committee on Appropriations that \$530,000 would be needed to carry the work through the fiscal year. The salaries of the Commissioners are \$10,000 a year each. In addition to what is ordinarily understood to lie within the scope of their duties, the President, in his speech at Indianapolis, pointed out the fact that the provisions of the Act authorized the Commissioners to carry out inquiries and investigations similar to those which would be undertaken if a permanent tariff commission were created.

The activities and rulings of the Commission will be closely followed by the National Chamber in its business bulletins and at greater length, when occasion demands, in *THE NATION'S BUSINESS*.



# Government Ownership of Merchant Vessels

To meet emergency conditions in carriage of American foreign trade by sea the Administration in the latter part of August proposed Government ownership of merchant vessels. On March 3 attempts to enact this proposal ceased, and subsequently it was intimated that private capital should provide new American shipping. The history of the bills embodying the Administration's proposal is here summarized.

**T**HE opening of the Panama Canal aroused expectations of enlarged trade with South America. Suggestions were made in Congress, and became subjects for reports by the Secretary of the Navy, that naval vessels, including cruisers, should be utilized in establishing new steamship lines to the coasts of South America.

## NAVAL MAIL LINES

A bill of this kind passed the Senate on August 3, almost simultaneously with declaration of war in Europe. Mails, passengers, and freight were to be carried. The rates were to be fixed by the Secretary of the Navy. To meet the expenses of running the regular lines proposed an appropriation of \$100,000 was added to the earnings.

The uncertainty which existed in the early days of August probably had much to do with the action of the Senate in passing this bill. Transactions in exchange between the United States and Europe were largely suspended. So many Americans were seeking ways to return from Europe that on August 5 the President made a committee of the Cabinet a Special Board of Relief. Liners with their lights hidden were making harbor. In the confusion which existed, and with the transactions in foreign commerce suspended the Navy mail bill was acted upon by the Senate as an emergency measure.

## CARGO AND PASSENGER VESSELS

The Government was already in the position of operating at least two regular lines of vessels carrying cargo, passengers, and mails. The New York-Isthmus service of the vessels of the Panama Railroad Company had distinctly commercial characteristics in addition to its use in connection with the construction of the Panama Canal. The line of transports between San Francisco and the Philippines maintained with monthly sailings by the War Department had in addition to its preeminent military use, for carrying troops and army supplies, an incidental facility for the mails in large amounts and accommodation of about 3,000 civilian passengers a year.

## WAR RISK INSURANCE

In connection with the new law of August 18, 1914, removing entirely the restriction concerning age of foreign-built vessels admissible to American registry and authorizing the President to suspend the navigation laws, which ordinarily require American citizenship in the commanding and watch officers of American vessels, it was urged by business men who attended a conference in Washington with Government officials that the United States should undertake to insure the war risk on cargoes carried by American vessels, following comparable action at that time being taken by foreign governments, both belligerents and neutrals. Accordingly, a bill was passed, receiving the President's approval on September 2, and carrying an appropriation of \$5,000,000. The operations of the Bureau of War Risk Insurance, in the Treasury Department, have been followed in other issues of THE NATION'S BUSINESS.

## GOVERNMENT OWNERSHIP

It was under such circumstances as these, and in view of a feeling that the

other legislation enacted and proposed would not assure sufficient vessels of American registry to carry the foreign trade of the country, that government ownership of merchant vessels obtained advocacy.

## IN THE HOUSE

The bill out of which later bills were developed was introduced in the House on August 14 by the Chairman of the House Committee on Merchant Marine. It was simple, being less than two pages long. It authorized the Government to establish and operate a line of steamships to South America, but suspended action until a commission of eleven Congressmen, departmental officials, and private citizens could present a detailed scheme, with costs. It made no appropriation.

Ten days later this bill had been elaborated, and introduced as a new proposition showing the plan which continued in all the later forms,—i. e., a Shipping Board, then of three Cabinet officers, a ten-million-dollar corporation controlled by the Government through a majority interest in the stock and supervised through the Shipping Board, construction or purchase by the United States of merchant vessels to a maximum expenditure of \$30,000,000, transfer of these vessels to the corporation in exchange for its bonds, and their operation or control by the Government's corporation.

## PERFECTED HOUSE FORM

Although the Committee on Merchant Marine invited hearings on this bill, no great interest was shown. The Secretary of the Treasury, three Representatives, and one person in a private position appeared before the Committee on September 1. Although the Chairman of the Committee invited further hearings no more advocates, or opponents, appeared. Conferences were held, however, with the House Committee on Naval Affairs, which was urging that any vessels acquired should be available in case of need as naval auxiliaries. Consequently, the bill was again redrawn so as to allow vessels already in the Naval Establishment to be utilized and, in case of need, to place all vessels comprehended in the plan at the disposal of the Navy Department at reasonable rentals. This form of the bill on September 4 received another official number,—the third new number,—and was reported to the House on September 8.

Meanwhile, the bill had been informally placed before the Senate Committee on Commerce, but at this session of Congress it was not introduced in the Senate nor acted upon by the Senate Committee.

The day after the House Bill was reported from committee the House Committee on Rules, which decides what questions are to have consideration outside the ordinary parliamentary routine, was asked to make it a special order of business. For this privilege there was at the time competition before the committee,—for example, by the advocates of direct assistance from the Government for cotton-growers as well as by advocates of less direct methods of assistance, as through amendment of the Federal Reserve Act and Federal regulation of warehouses. When the session ended on the twenty-fourth of Octo-

ber, with attention largely centered upon legislation for internal revenue taxes levied to meet emergencies in the revenues of the Government, the bill for Government ownership of merchant vessels had made no progress. To this point the bill had developed only in the House.

## BILL IN SENATE

In addressing the Congress on December 8, at the opening of its third session, the President declared that passage of the bill which had been pending in the House was imperatively needed and could not wisely be postponed. On the following day, the bill was introduced as a new measure in the Senate. In this session, perhaps because of the rules of procedure of the Senate, which do not allow limitation of debate, and also because the House originates all appropriation bills and hence at the beginning of the "short" session can give little time to general legislation, the bill was peculiarly a Senate measure, and through protracted debates in the Senate and moves in parliamentary strategy attracted the attention of the country.

## FIRST SENATE FORM

The Government's corporation, according to the House bill, was not only to hold title to the vessels which were acquired but was also to operate them. In respect to operation the Senate bill introduced a possibility,—which had been agreed upon with the House leaders,—of the corporation leasing the vessels for operation to corporations entirely in private ownership.

On the bill the Senate Committee on Commerce declined to have public hearings, and reported it on December 16 with two amendments. In the first place the Government's corporation was enabled to acquire vessels not only from the Government but by charter from private parties. In the second place, for operation the corporation might charter vessels it had obtained in any way not only to corporations in private ownership but also to individuals. In anticipation of the active debate which began in January the Senate asked the Secretary of the Treasury and the Secretary of Commerce to send to it data regarding current rates for ocean freights, and received 150 printed octavo pages of letters and compilations.

## BILL TAKEN UP

On January 4, after the Senate had concluded its debate upon the immigration bill and its literacy test for aliens seeking admission to the United States, the Senate by a vote of 46 to 29 made the bill its unfinished business,—a position which it kept until February 12. Having this advantageous position it automatically came before the Senate each day. In this way the bill became the center of a parliamentary struggle in which its advocates sought to reach a vote and its opponents strove to prevent a vote. In order to limit debate indirectly by utilizing a rule that no Senator may speak on the same subject more than twice on the same day the fiction of a continued legislative day was at times maintained for a number of calendar days, and the Senate was even kept in continuous session on one occasion for 54 hours. This situation, further involved by suggestions that the Senate adopt the practice of large

legislative bodies and provide means for restricting debate in accordance with the wishes of a majority, continued until the middle of February, with interruptions for debate of unrelated matters.

## CHANGES IN SENATE BILL

Even though the bill was before the Senate, the Committee on Commerce studied its details and made changes as early as the first week in January. The bill heretofore had indicated that its provisions were intended expressly to increase shipping facilities to South America "and elsewhere." It was now made clear that the vessels were to be used in any foreign trade. Incidentally, a declaration was inserted to the effect that vessels owned by the Government's corporation were to have only the status of vessels of corporations controlled wholly by private capital. An unrelated provision, too, was appended, to the effect that the President might designate ports at which customs officials would, after an inspection, certify manifests when they corresponded to the goods shipped; this plan was soon abandoned.

## SENATE CAUCUS

By the end of the second week in January the extent of opposition to the bill led to a conference of majority Senators, who on January 16 decided to continue to strive for a vote. In the third week of January the conference was in session almost every day, passing upon details which were being worked out by the majority members of the Committee on Commerce; on January 23 the conference became a formal caucus avowedly binding Senators of the majority party to support the bill. On January 26 a rewritten bill was introduced, because of the parliamentary situation taking the form of an amendment to the pending bill.

## CAUCUS CHANGES

The bill rewritten in caucus contained important changes. To the three Cabinet officers on the Shipping Board were added three unofficial, salaried members, two of whom were to be experienced in the management and operation of steamships in the foreign trade. The Government's corporation was expressly made to be a new corporation and one organized under the laws of the District of Columbia, with particular powers. It could either itself operate the vessels or could charter them, but only to other corporations. As a new proposal, and for the assistance of all American vessels, the Shipping Board was directed to revise all the regulations under the navigation laws of the United States, putting its revised shipping regulations into force within a year.

## NEW PARLIAMENTARY SITUATION

On February 1 a motion to recommend the bill to committee,—action which under the circumstances would have been tantamount to defeat,—was suddenly made by a Senator of the majority party who, like some other Senators, insisted he was not bound by the caucus. Immediately, the advocates of the bill, who had been endeavoring to obtain a vote, were compelled to seek to postpone a vote on this motion, at least until several absent Senators could return, one coming from California.

(Continued on page 20)



# Commercial Organizations and Foreign Trade

By Dr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce

The promotion of foreign commerce by the Government is centered in the Bureau of Foreign and Domestic Commerce. How this work may be made more thoroughly effective through an arrangement which will call for cooperation between that Bureau and the commercial organizations of the country is suggested in the following article.

IT is my purpose in this very brief article to discuss, concisely and concretely, exactly how commercial organizations,—chambers of commerce,—boards of trade,—merchants' and manufacturers' associations,—can cooperate with the government in promoting foreign trade. Before going into details, it will be necessary to review briefly the government's equipment for this work, and it is to be regretted that every commercial secretary in the country has not paid a visit to the Bureau of Foreign and Domestic Commerce. He will find a hearty welcome there and a considerable amount of information which will be useful to him in his business.

The government's work in promoting foreign trade is centered in the Bureau of Foreign and Domestic Commerce, of the Department of Commerce. Cooperating with it and contributing to its efficiency are many other government departments, notably the Department of State, through the Consular Service and Foreign Trade Advisors, and the Bureau of Standards of the Department of Commerce. The collection of data and trade information through the Consular Service, through the commercial attachés and commercial agents, was outlined in the February issue of THE NATION'S BUSINESS, and it is therefore unnecessary to repeat it here. After the information is once collected, it becomes the problem of the Bureau of Foreign and Domestic Commerce to distribute it so that the maximum use will be made of it.

## TRADE OPPORTUNITY NOTICES

In general the information distributed by the Bureau may be divided into two groups: (1) Specific information relating to specific opportunities for the sale of American goods abroad; and, (2) general information relating to the state of trade or conditions of trade in various parts of the world. The first group of information is distributed in the main in two ways, through the Foreign Trade Opportunity notices appearing daily in "Consular Reports" and through confidential circulars. The notices of foreign trade opportunities are usually published in the following form:

*Gas and electric fixtures, supplies, etc., No. 15850.*—An American consular officer in South America reports that a firm in his district, which operates gas and electric-light plants, is desirous of communicating with American dealers and manufacturers of gas and electric fixtures, electrical apparatus, including stoves and toys, supplies, and machinery. Catalogues and correspondence may be in English, but Spanish is preferred.

*Bathtubs, lavatory supplies, etc., No. 15851.*—A firm in one of the neutral European countries has informed an American consul that it wishes to establish commercial relations with American manufacturers and exporters of bathtubs, lavatories, and other sanitary plumbing supplies. Reference is given. Correspondence may be in English.

*Motors for aeroplanes, etc., No. 15856.*—An American consular

officer in Europe transmits the name and address of a business man in his district who desires to communicate with American manufacturers of aviation motors of not less than 50 horsepower. Prices and detailed information should be sent at once.

*Bridge, No. 15842.*—The American consul at Moncton, New Brunswick, reports that the Minister of Public Works of the Province has called for tenders for the construction of a highway bridge over the Petitcodiac River at Moncton. Tenders will be received at the Department of Public Works, Fredericton, New Brunswick, until March 31, 1915. The bridge is to cost \$300,000. Specifications, blue prints, etc., may be seen at the Bureau of Foreign and Domestic Commerce or its branch offices.

It will be noted that the names and addresses of the interested parties are not given; they may be obtained only from the Bureau or one of its branch offices on application in person or in writing.

## CONFIDENTIAL CIRCULARS

In many cases, however, the information received is so detailed that the publication of it in "Consular Reports" would occupy one, two or more pages. This information is, therefore, embodied in the form of a confidential circular which must not be published and is for the exclusive use of the firm receiving it. These circulars are sent to manufacturers and merchants who have indicated their desire to receive this information. Those firms which are most active in following up these opportunities are often supplied with telegraphic information in order to expedite matters.

The list of manufacturers which is known in the Bureau as the Exporters' Index is the circulatory system of our trade information work. The manufacturer who desires to receive information files a form on which he indicates the articles which he desires to export and the section of the world to which he desires to export. This information is carded in detail, and if the manufacturer makes ten different articles his cards are placed in as many sections. If later, information is received for any one of these, he is notified, along with the other manufacturers who are also interested.

## PERSONAL DISTRIBUTION

In addition to this formal system of distribution by mail the Bureau is gradually enlarging, with the help of its branch offices, a system of personal distribution. This is especially true of the larger propositions as mines, railroads, public utilities and the like. There are comparatively few people in this country who would be interested in building a railroad in South America or China; or building the harbor works of a seaport in South Africa or New Zealand. The Bureau hopes in time to find the people who would be interested and to cooperate with them directly and without red tape.

These methods are enabling the Bureau to distribute information respect-

ing specific trade opportunities rapidly and with a high degree of efficiency. There are, however, two problems: first, there is the difficulty of making the American business man understand that he can really obtain valuable practical information from the Government. Some of them realize it, as the scores of letters, telling of actual sales, agencies established, contracts secured, etc., amply testify; but they all ought to realize it. Every business concern in the United States ought to be a subscriber to the "Commerce Reports" (\$2.50 per annum, issued daily) and ought to be listed in our Exporters' Index. The second problem which we have to face in promoting foreign trade is to get the American business man to take the appropriate action after he receives the information from the Bureau.

## FOREIGN TRADE PUBLICATIONS

It is also necessary to recite briefly the use which is made of more general information. Perhaps this part of the work can be set forth most clearly by outlining the publications of the Bureau.

### "Commerce Reports":

Cable reports of important trade information.  
Consular Reports dealing with conditions in particular lines of business.  
Reports from commercial attachés.  
Reports from commercial agents.  
Summarizations of the latest statistical information on foreign trade.  
Important announcements of the work of the Department of Commerce.  
List of American consuls temporarily in United States, with addresses.  
Foreign Trade Opportunities.  
Proposals for government supplies.

### Supplements of "Commerce Reports":

Annual reports of American consular officers dealing with trade conditions in their districts.  
*Special Agent Series:*  
Reports of the Commercial and special agents of the Bureau dealing with particular lines of business in various sections of the world.

### Special Consular Reports:

Collected reports of American consuls, usually on some one particular line of industry.

### Tariff Series:

Reports dealing with customs tariffs, consular regulations and trade-mark laws of foreign countries.

### Statistical Publications:

Monthly summary of commerce.  
Commerce and Navigation (annual).  
Statistical Abstract of the United States.

This is by no means even a complete summary of the publications of the Bureau of Foreign and Domestic Commerce, but will give a general and concrete idea of their character.

## ESTABLISHING BRANCH OFFICES

The need which was felt for closer contact with the business community and for distributing stations for this trade information led some months ago to the establishment of eight branch offices. These offices are now located at New York, Chicago, Atlanta, Boston, St. Louis, New Orleans, San Francisco, and Seattle. With the funds now available, or to be available in the near future, it will be impossible to establish other branch offices. The need, however, for personal contact with the business community and for more detailed and intensive distribution of this vast body of trade information, is a very press-

ing one. No business man who is looking the facts squarely in the face can doubt but that the United States is facing the opportunity of vast commercial expansion, and now, if ever, is the time to act.

The Department of Commerce, through the Bureau of Foreign and Domestic Commerce, at the urgent request of scores of commercial organizations, has worked out a definite plan of cooperation with local commercial organizations. Briefly stated, this plan contemplates placing at the disposal of the local organizations the same information which is now sent to other branch offices of the Bureau of Foreign and Domestic Commerce. In fact, with certain reservations, the local organization becomes the de facto branch of the Bureau.

Any plan of cooperation implies mutual obligations. This plan of cooperation in promoting foreign trade can perhaps best be expressed by stating what each side may do.

## I

### What the Local Commercial Organizations are Expected to Do.

- (1) The local organization shall establish a foreign trade bureau.
- (2) This foreign trade bureau shall be under the direction of the governing board of the organization, which shall be given power on behalf of the organization to enter into such agreements as may be necessary.
- (3) The executive direction of this work shall be in the hands of a man who shall devote his entire time to it, and he shall be provided with such clerical assistance as may be necessary to prosecute his work effectively.
- (4) The work which is being carried on shall at all times be open to the inspection of the officers of the Department of Commerce.
- (5) The foreign trade bureau shall render regular monthly reports of a form to be prescribed in the Bureau of Foreign and Domestic Commerce.
- (6) The foreign trade bureau shall make at its own expense a complete copy of the "Exporters' Index" for its section of the country. This index shall be kept up to date and additional data transmitted to Washington.
- (7) The foreign trade bureau may be called upon to make reports on specified subjects. It is understood, of course, that such service will not be called for at any considerable extent.
- (8) The foreign trade bureau will be expected to receive and entertain (arrange conferences and meetings for) visiting commercial attachés, commercial agents and consuls on leave in this country.
- (9) The service rendered by the foreign trade bureau will not be restricted to the members of the organization, but will be freely given to all citizens residing in the territory of any particular bureau.

## II

### What the Bureau of Foreign and Domestic Commerce is Willing to Do.

- (1) The Bureau of Foreign and Domestic Commerce will place at the disposal of the man who is delegated to

(Continued on page 15.)



# Present and Future of American Shipbuilding

The following article gives some indication of the extent of the new demand for American-built ships; its relation to construction in the past and the possibilities of its becoming permanent in the future; a permanent shipbuilding industry is of vital importance for maintaining a permanent merchant marine.

THE question of reviving the American merchant marine has become one of the most important problems arising from the war. Within the memory of many people now living the American flag was second only to the British, not only in the ports of Europe and South America but also in India and the Orient. In those days, one of the most flourishing foreign banks in Chile was the American branch of a well-known banking house of Baltimore. After many years there is again an American banking house in South America and means have been provided for increasing our merchant marine by the transfer of foreign-built ships to American registry. The permanent maintenance of American shipping, however, requires aid from domestic shipyards and it is therefore a matter of interest how far present demands indicate a definite expansion of the American shipbuilding industry.

## PRESENT CONDITIONS

Such information as has been obtainable at first hand does not appear to offer conclusive evidence of a permanent demand which will tax American shipyards to the limit of their capacity for an indefinite period. A letter from one of the leading shipbuilding firms of the East, on this subject, indicates that, although the full capacity of the yards is not engaged at the present time, it is expected to be within the next two or three months. Another firm states that there appears to have been quite an appreciable increase in the amount of business in American shipyards, most of which is due to construction of new oil carriers and coal carriers in the coastwise trade; but that while the prospects of additional orders are very encouraging, the particular firm concerned has not taken any of these orders owing to unsatisfactory prices at which contracts have been let. From another firm a statement is received that while American shipyards are now comfortably full they are not yet working to their capacity; although there are still a number of inquiries in the market for additional tonnage which would seem to insure a continuance of the present volume of business for some time to come.

## PAST CONSTRUCTION

The war and the widespread discussion of the needs of an American merchant marine have interested a number of people in shipping, and so long as the war lasts, it is not improbable that this condition will continue. None of the information available, however, indicates any overwhelming rush of orders. The facts seem to lie somewhere in a middle ground. Statistics of construction for the fiscal year ended June 30, 1914, show 1,151 vessels of 316,250 gross tons, compared with 1,475 vessels of 346,155 gross tons for the previous year—a decrease. However, in spite of this decrease for 1914, statistics for the five-year period ending with that year,—as applied to vessels of 1,000 gross tons and over,—while they show a general decrease in the aggregate tonnage built, at the same time disclose a considerable increase in the construction of ocean-going steel steamers. This increase, how-

ever, was not so great as to offset the decrease in the construction of steel steamers for trade on the Great Lakes. This would explain the decrease of the aggregate tonnage built. The situation can be more clearly indicated by the actual figures taken from the report of the Commissioner of Navigation for the fiscal years ended June 30, 1910 and 1914, the figures for 1910 being compared with those for 1914 as illustrating the results of the general tendency.

VESSELS OF 1,000 GROSS TONS AND OVER		
TYPE	1910	GROSS TONS
Ocean steel steamers.....	78,845	
Lake steel steamers.....	142,521	
All other vessels.....	13,340	
Grand Total .....	234,706	
1914		
Ocean steel steamers.....	133,234	
Lake steel steamers.....	37,780	
All other vessels.....	16,434	
Grand Total .....	187,448	

## FOREIGN SHIPPING

If the last five years have thus shown a general tendency for an increased construction of steel steamers for ocean trade, it would be perfectly logical that the war should have strengthened this tendency and indeed, for the time being, confirmed it. Various estimates have been made of the amount of foreign tonnage which has been withdrawn from commercial routes. It is obvious that the Austrian and German merchant marine cannot operate on any trade route. The German and Austrian flags have consequently been eliminated from the seas. A glance at the trans-Atlantic sailing lists today will show that some of the largest British steamers have also been withdrawn from service. The names of the *Aquitania*, the newest giant of the Cunard line, of some 50,000 tons, of the *Olympic*, *Oceanic*, *Campania*, and other well known modern merchant and passenger vessels of the first rank do not appear. The answer is that they have been commandeered by the British Government for transport or other service; the *Oceanic* is reported to have been wrecked, either by mine or chance of the sea off the north coast of the British Isles. At the same time the German leviathan *Vaterland* and other large ships of the Hamburg-American and North German Lloyd lines are lying useless at their docks in Hoboken.

The total tonnage of the German and Austrian merchant marine combined is understood to be about 6,000,000 tons. The estimated tonnage of British shipping withdrawn from commercial operations is roughly 1,000,000 tons. The grand total, which represents the tonnage withdrawn from regular trade, is enormous and any approach to normal demands for over-seas shipping would necessarily have a stimulating effect on construction in American shipyards.

## THE NEW DEMAND

As a matter of fact such a demand has arisen since last August. Figures have appeared in official reports of the

Bureau of Foreign and Domestic Commerce, obtained from returns made by collectors of customs at the various seaports, which show that the total export trade of the United States has not only maintained its previous proportions during the war but the trade with Europe has shown an increase so great as to overbalance the falling off in certain other directions. The agitation for the passage of the Ship Purchase Bill, the general publicity given to the war-time increase in ocean freight rates, the accumulation of cotton and grain shipments and the apparently arbitrary selection of cargoes by shipowners, have all tended to emphasize the immediate demand for cargo space to replace that which has been withdrawn from ocean trade routes by the elimination of Austrian and German bottoms and the decrease in the number of British and other foreign vessels which have carried our exports prior to the outbreak of the European war. There is no question of the present demand for cargo space.

## EXISTING DIFFICULTIES

But, while the figures quoted above from the report of the Commissioner of Navigation show that there has been a general increase in the last five years in the tonnage of steel steamers of 1,000 tons and over, constructed for the coastwise and ocean trade, there is no conclusive evidence that the present need for immediate cargo space has created a proportionate demand on American shipyards for the construction of American steamers. A number of reasons can be suggested which may account for this fact. Shippers realize that shortly after the conclusion of the war there will be released, undoubtedly, the enormous tonnage now either commandeered by the naval authorities of the allies or withdrawn from trade in order to evade capture. This will inevitably drive a large part of American tonnage, at present engaged in over-sea trade, back to the coasting and lake trade. This is apt to result in an over-supply of tonnage and a cessation of building. Shippers are understood to be of the opinion that, if this condition is to be avoided and the temporary reappearance of the American flag in foreign trade made permanent, some means must be devised so that American shipping may continue to operate in the foreign trade in competition with the cheaper built and cheaper operated foreign ships which will again be available at the conclusion of hostilities.

## UNCERTAIN CONDITIONS

These considerations gather additional force owing to the absolute uncertainty which prevails as to how long the war will last. To build a good sized ocean steamer in American yards apparently takes at least a year, in some cases longer. With things as they are at present, capital which invests in American shipping must gamble with the possibility that when the ship is paid for and in operation the emergency demand will have passed. The ship will have to compete at once with foreign vessels released by the conclusion of peace. Uncertainty is a heavy drag upon any new commercial

venture. The general effect of the war on trade and commerce cannot be foreseen, but in the specific instance of shipping and shipbuilding, it is obvious that while the end of the war may produce a lively and vigorous revival of trade and commercial enterprise, attended perhaps by increased cost of labor in Europe, the existence of the Austrian and German merchant marine and of other ships temporarily withdrawn but immediately available for commercial purposes upon the conclusion of peace, is a concrete fact which has to be reckoned with.

## SHIPBUILDING FACILITIES

In connection with an immediate revival of shipbuilding in this country, consideration must also be given to the comparatively limited number of large private shipyards in existence. On the Atlantic coast there are six. On the Pacific coast only one of first class proportions, while there are about seven on the Great Lakes. The over-crowding of all these yards, in the exceptional conditions which prevail at the moment, would afford no conclusive evidence of a general and permanent revival of the American shipbuilding industry. Only the definite prospect of a continued demand for American ships can lead to the extension of the shipbuilding yards which now exist and the establishment of new plants of serious importance. As the war proceeds, such a prospect may be developed, but even the promise afforded by the opening of the Panama Canal is hampered, for the present, by the financial conditions which exist in the countries to which that route leads.

As has been shown in another article in this issue, the number and tonnage of foreign vessels which have registered under the American flag, in compliance with the terms of the Act of August 8, 1914, has been so considerable as to increase the aggregate tonnage of our shipping in foreign trade by practically one half. If the total construction for the year is later found to have fallen off or not to have increased in proportion to the promise which recent orders have given, it is not improbable that some critics will be inclined to lay the fact to the influx of foreign built vessels. On the other hand, the prospects last July, at the beginning of the fiscal year, were by no means encouraging and the improvement which has since taken place has not yet been shown to be permanent.

## RECUPERATION PERIOD

Shipbuilding abroad, in all probability, is being held back by the necessity of pushing work on warships to completion. Accurate figures for the total overseas trade of the world since the outbreak of war are not yet available. At the same time consideration must be given to the fact that except in supplies of foodstuffs and military equipment there is much to indicate a lessening of the general demand. The period of recuperation which will follow the war will no doubt be accompanied by a revival of shipbuilding for commercial purposes abroad which will add rival merchant vessels in addition to those released from military service, to compete with construction undertaken in the United States.



# American Registry of Foreign Built Ships

The outbreak of war last August was followed by action on the part of Congress to facilitate the purchase and American registration of foreign built ships. The following article outlines the important results attained up to March 1, 1915, which have increased our merchant marine in foreign trade by practically fifty per cent.

THE right of American citizens to own vessels built abroad has never been questioned, but various considerations have restricted this right for the purpose of encouraging domestic shipbuilding. Thus the first registry act, which was passed September 1, 1789, confined the use of the American flag to ships built in the United States. The Act had, however, for its chief purpose the development of resources for national defense rather than protection of a home industry. Further provisions were made which practically excluded foreign built vessels from any trade with American ports, owing to penalties imposed which were practically prohibitory. It would appear that the terms of this original registry act contributed temporarily to the increase of American shipbuilding.

## REGISTRATION RESTRICTIONS

As a matter of fact all nations prescribe as a condition of using their flags on merchant vessels that the owner shall be a citizen or subject of the country concerned. The citizen or subject may be a company or a corporation created by the State, as well as an individual. In such cases it is not at all unlikely that a greater part of the stock of such corporations may be owned in other countries. To carry the overseas commerce of the United States, American capitalists have had to organize such corporations in foreign countries in order to operate their foreign-built ships. In such cases they have of course held practically the entire stock themselves, leaving to citizens of the foreign country in which they organize and whose flag they wish to use, only such a proportion as may be necessary to comply with the law. No disadvantage has resulted to foreign countries on this account and indeed the general result has been further to swell the foreign tonnage of their merchant marine by the assistance of citizens of another country. The cost of construction is paid into their own shipyards and just so much American capital devoted to the benefit of a foreign industry.

## FOREIGN-BUILT SHIPS

For some years past the foreign-built ships of this class, which in reality represent American capital, have been nearly equal in tonnage to the total American-built merchant marine in foreign trade. It is understood that their actual carrying power has been greater. Quite aside from the impossibility of obtaining American registry for foreign-built ships, it is also a fact that modern steel ships have been built abroad more cheaply than in the United States. An additional inducement has thus been offered for American capital seeking investment in shipping to go abroad for that purpose. All this has been widely known and a subject of discussion by those familiar with the subject.

The development of foreign shipbuilding industries and the introduction of steel ships necessitated the relaxation of much of the discrimination against foreign built vessels, until the time has come when practically 90% of our ocean-borne commerce is carried in foreign bottoms. Nevertheless, the provisions with regard to American registry remained intact until a change was forced. In the last few

years as the proportion of American ships carrying our ocean-borne trade dwindled into insignificance, consideration was naturally given to facilitating the purchase of foreign ships and transferring them to American registry. This first took definite form in the Panama Canal Act of 1912, which carried a clause for the registration of foreign-built vessels, provided they were not more than 5 years old. However, it required the outbreak of the great war in Europe and a complete overthrow of existing commercial conditions to bring matters to a head by the passage of a supplementary emergency act of Congress, approved August 18, 1914.

## ACTION BY CONGRESS

The number of foreign built vessels admitted to American registry to March 1, 1915, under the terms of this act, numbered 131, with a gross tonnage of 472,485 tons. It is noteworthy that they constitute about 30% of our merchant tonnage engaged in foreign trade. With the dangers which at once attended all belligerent shipping on the outbreak of the war, the necessity for American shipping was accentuated and made obvious the immediate advantages enjoyed by vessels flying a neutral flag. It was on this ground that Congress enlarged the provisions of the sections of the Panama Canal Act applying to the transfer of foreign vessels to American registry. In addition to eliminating the proviso that such foreign vessels would have to be not more than five years old, it was further enacted that the President might suspend, by order, the provisions of law prescribing that all watch officers of American vessels shall be citizens of the United States and, in like manner, also those provisions of law requiring inspection and measurement by officers of the United States of foreign vessels admitted to American registry under the Act.

The new provisos mentioned had an immediate response. The principal American owners of foreign built ships, including the United Fruit Company, the Standard Oil Company and the United States Steel Corporation, took prompt measures to transfer the greater part of their ships to the American flag as they returned to American ports. Individual requests for transfer also increased in importance and brought up the question of making the transfers effective while the vessels concerned were still in foreign ports. Measures having been devised to establish the authenticity of the purchase, the Commissioner of Navigation, through the Department of State, made arrangements to communicate with American Consuls abroad, either by cable or by mail, authorizing them in each particular instance, as it arose, to perfect the transfer, assign a registry number to the vessel purchased, and complete those matters necessary for displaying the American flag as a sign of American registry. At the same time, and as a practical measure, arrangements were completed authorizing the vessel, after transfer, to continue to be navigated by its own officers who might be of foreign citizenship.

## RESULTS TO DATE

The total tonnage of the merchant

marine of the United States, of all kinds, on June 30, 1914, comprised over 26,000 vessels of practically 7,800,000 gross tons. Of these, some 6,800,000 tons were engaged in domestic trade leaving a balance in round numbers of 1,066,000 gross tons engaged in the foreign trade. As all of the foreign vessels admitted to American registry since the outbreak of the war, aggregating over 472,000 gross tons, are engaged in foreign trade, it is evident that the new law, in practically six months, has increased our foreign shipping by nearly 50%.

An interesting feature of the operation of the new law has been the return of the American sailing vessel to the foreign trade. A fleet of six steel sailing ships, which formerly flew the British flag in trade with the West Coast of South America, owned by one company and long established in the trade, now flies the American flag and revives somewhat those days when American clipper ships were seen in all parts of the world. Nearly one-fifth of the 129 vessels transferred up to February 19, have sail for their motive power instead of steam. Indeed, one of the interesting results of the recent imperative demand for cargo space has been the return of the sailing ship to the trade between the United States and the north of Europe.

## AMERICAN-BORNE CARGOES

The results of this transfer to the American flag have had a clearly discernible effect in the proportion of the total water-borne commerce of the United States carried in foreign bottoms. For example: In the fiscal year ended June 30, 1914, American vessels carried 9.26%, whereas in the six months ended December 31, 1914, this proportion had risen to 14%. An interesting reflection upon the results of the elimination of German merchant vessels from their normal trade routes is shown by the fact that, whereas up to June, 30, 1914, they carried nearly 14% of our water-borne commerce, in the six months ended December 31, 1914, they carried only 3.16%. The discrepancy has been made up principally by an increase of a little over 1.5% in the amount of our trade carried in Norwegian vessels and 1.16% in Italian vessels, and 1.80% in Dutch vessels, the balance being mainly due to the return of American ships to routes where they have been little seen in the last forty years.

In spite of the exigencies of the war, the power of the British fleet and its overwhelming preponderance at sea has been reflected in the statistics available for their operations in the last six months. In the fiscal year ended June 30, 1914, British vessels carried 53.45% of our water-borne commerce, whereas in the six months ended December 31, 1914, British merchant ships still carried 52.54%. This has been accomplished in spite of the withdrawal of many British ships from the merchant trade and their use as auxiliaries and transports by the British government. Transfer to the American flag in many cases has been accompanied by a change of name. Thus the American tank steamer *Pioneer*, owned by the Standard Oil Company, was formerly the

German steamer *Kiowa*, owned by the Deutsche-Amerikanische Petroleum Gesellschaft. The American steamer *Maracas*, now owned by the New York Transatlantic Steamship Company, was formerly the British steamer *Carmarthenshire*, owned by the Trinidad Shipping and Trading Company. The American steamer *Oregon*, now owned in New York, was formerly the Norwegian freight steamer *Sama*.

## NATIONALITY OF SHIPS

The following are the interesting figures for the previous nationalities of the vessels transferred:

British	91	Mexican	4
German	23	Roumanian	1
Belgian	5	Norwegian	1
Cuban	5	Uruguayan	1

Reference has been made to the return of American sailing ships to foreign trade. This feature, however, is no less interesting than the character of many of the steel steamships which constitute the new addition to our merchant marine. Many of these steamers are comparatively new and constructed in the best foreign shipyards with every modern improvement and convenience. A number of them engaged in trade with ports in the Caribbean are from 5,000 to 7,700 gross tons, and have admirable passenger accommodations as well as ample cargo space. Others which are oil carriers and freighters are also excellent specimens of their class.

While there have, of course, been exceptions, owing to the removal of the provision that steamers should be not less than five years old when applying for American registry, it can be said that the general average of vessels added to our merchant marine and transferred from a foreign to the American flag, forms a creditable and valuable addition to American shipping.

## COMPARATIVE STATEMENT

But the United States is still a long way from regaining the preeminent position it held in the middle of the last century when its merchant fleet was second only to that of Great Britain. Lloyd's Register for 1914-1915 in a table showing the number and tonnage of steam and sailing vessels of over 100 tons of the several countries of the world gives the following figures, among others:

	Gross Tons.
British:	
United Kingdom	19,256,766
Colonies	1,788,283
Total	21,045,049
American:	
Sea (includes coastwise trade)	2,970,284
Northern Lakes	2,352,764
Philippine Islands	45,146
Total	5,368,194
French	2,319,438
German	5,459,296
Norwegian	2,504,722
Japanese	1,708,386

Official figures indicate that only 1,066,288 tons of the American shipping recorded is engaged in the foreign trade. Our coastwise trade comprises many able ships of modern construction, but they are usually of a class which could not engage to advantage in overseas commerce. The preponderance of British shipping, however, is further emphasized when it is considered that the total con-

(Continued on page 19.)



# Analysis of Navigation Law and Regulation

In six months since the outbreak of war, American shipping in foreign trade has increased more than in any entire period of ten years since the Civil War. This has occurred wholly under the emergency Act of August 18, 1914, facilitating American registry for foreign-built ships. The following article attempts to clear up the existing confusion between restrictions on American shipping imposed by law and those imposed merely by regulations issued by administrative officers.

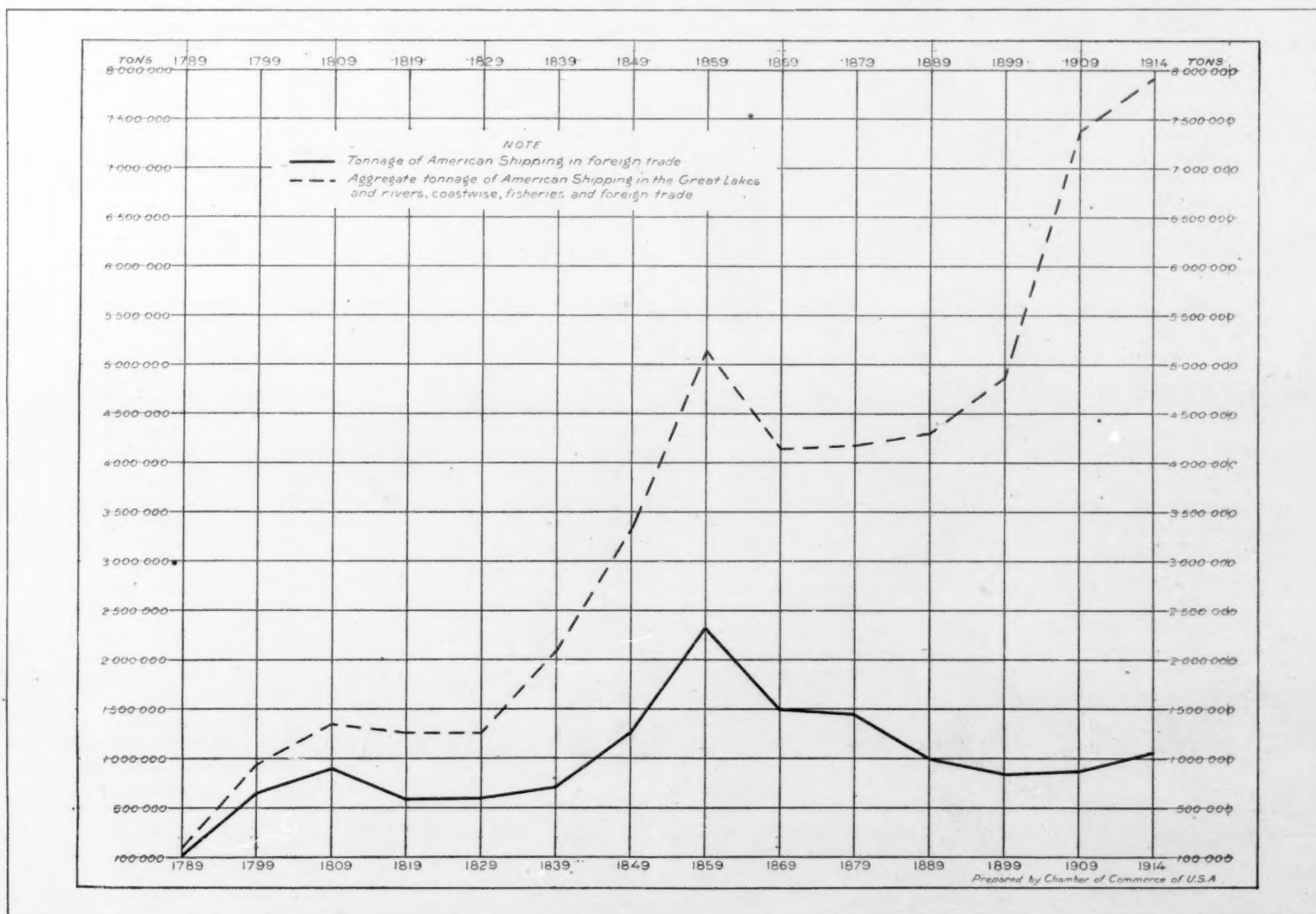


DIAGRAM OF AMERICAN SHIPPING IN FOREIGN TRADE AND AGGREGATE SHIPPING IN ALL TRADES, 1789-1914.

THE decline of the American merchant marine has been deplored many times and for many different reasons. The brunt of criticism, however, has fallen upon our so-called navigation laws, which are in fact, composed both of laws and regulations. The confusion between what is law and what is regulation is of long standing.

In the early eighties, the author of a book on our merchant marine, remarked that, "The expulsion of the Moors and Jews from Spain under Ferdinand and Isabella and their successors, and the repeal of the 'Edict of Nantes,' which deprived France of her best artisans and industries, have been accepted by all historians and economists as the two most striking and exceptional examples in modern times, of great national industrial disaster and decay directly contingent on unwise and stupid, but at the same time deliberately adopted, state policies. It has been reserved for the United States, claiming to be one of the most enlightened and liberal nations of the world, after an experience of near three hundred years since the occurrence of the above precedents, to furnish a third equally striking and parallel example of results contingent on like causes, in the decay and almost annihilation of her merchant marine and ocean carrying trade,—a branch of her domestic industry which formerly in importance, ranked second only to agriculture."

Statements of this character have been supported with very striking illustrations. Thus, in the early days of the nation, Massachusetts claimed

to have one vessel in the ocean trade for every one hundred of its inhabitants. Upon the outbreak of the Indian mutiny in 1857, it is reported that the ships which Great Britain chartered before all others as transports, were the swift American clippers engaged in the India and China trade. Emphasis is also laid on the fact that, whereas in 1855 some 65,000 tons of American merchant shipping were sold to foreign countries, the last few years has seen scarcely a single instance of such sales.

## EARLY SHIPPING

Indeed an analysis of our navigation laws, and the regulations based on them which have been issued subsequently by administrative officials, requires some review of the course of the American merchant marine through its various phases from great prosperity to comparative unimportance. As has been indicated, the question is one which has attracted attention for over thirty years.

In colonial times the British navigation laws, in preventing foreign ships from trading with the American colonies, fostered a shipbuilding trade which grew to very substantial proportions, and which ultimately constituted one of the means by which colonists were able to finance purchases of British manufacturers by the sums received to their credit for colonial ships sold to British merchants. The success of the revolution, while cutting off American ships from direct trade with many of their former markets in the British colonies, nevertheless took place at a time when the

universal wars in Europe inevitably threw a large part of the carrying trade into their hands. The results can be observed in the shipping returns of the day. The 123,000 tons of shipping engaged in the foreign trade, in 1789 had increased by 1797 three hundred and eighty four per cent. In 1807 it had increased again by forty-two per cent. The cessation of the wars in Europe, and our own war in 1812, appear to have had unfavorable effects on shipbuilding, as the twenty years from 1807 to 1827 show a decrease of more than four per cent. From this time, however, until 1861 there was a steady increase, when the 810,000 tons engaged in the foreign trade in 1837, had more than trebled and attained a total of 2,642,000 tons.

## POSITION OF UNITED STATES

Figures are quoted to indicate that the position of the United States in the shipping world in 1861 was remarkable. It is stated that its aggregate shipping in the domestic and foreign trade, constituted practically one-third of the entire shipping of the world, and was only some 350,000 tons less than that of Great Britain. At this time the American tonnage in foreign trade was more than 50 per cent in excess of what would have been requisite to carry all the exports and imports of the country. In other words, if all our foreign trade had been moved exclusively in American bottoms, there would have been a large number of our ships which would have had to seek trade between foreign ports and markets for their cargoes. As a matter of fact, our own

foreign trade has always been participated in by vessels flying foreign flags and, even in the middle of the 19th century, it has been agreed that fully 25% of this trade was carried under a foreign flag, and 75% of it under the American flag. The balance of American shipping was therefore engaged in earning money and profits for its owners in the employ of foreigners, flying the American flag in every part of the world where there was anything to buy or sell, to exchange or transport. Ships engaged in such trade frequently did not return to their home port for a period of several years.

Many instances are familiar to show that our magnificent supplies of timber and the great resourcefulness of American shipbuilders and seamen resulted not only in the construction of fast and able ships, but also in the use of mechanical labor-saving devices which enabled a crew of twenty Americans to manage a ship which would have required a crew of thirty foreigners. What has not been so generally known is the claim that American clippers occupied a foremost place in the shipping world at a time when it has been admitted that costs of construction, wages and upkeep were not much less in excess of those of other countries than they are today.

## THE IRON STEAMSHIP

The decline of the American merchant marine has frequently been laid at the door of the iron and steel steamship. Great Britain began the construction of ocean going steamers ten years before it was undertaken, in



1848, in this country. Nevertheless, by 1851 the steam tonnage in the foreign trade of the United States amounted to 62,000 tons and that of Great Britain only to 65,000 tons. This steam tonnage on the part of the United States, rose in 1855 to 115,000 tons. It finally reached 221,000 tons in 1869, after which time it began to decline.

One striking feature about the decline of the merchant marine has been pointed out in the falling off of purchases of American tonnage by foreigners. In 1855, as has been seen, this tonnage amounted to 65,000 tons, but in 1860 it had dropped to 17,000 tons. Of course during the Civil War a large amount of American shipping was sold and transferred to foreign flags in order to evade the depredations of commerce destroyers of both sides. The amount of shipping which thus changed hands has been placed as high as 824,000 tons, or practically one-third of the total tonnage engaged in foreign trade. The reverse of this procedure has just been illustrated in the present war when the United States has passed special legislation to effect the purchase and transfer of foreign ships to the American flag. The merchant marine by this means has already been increased by nearly 500,000 tons in six months.

No such expansion of our shipping in foreign trade has occurred since the Civil War. Reference to the diagram which is printed with this article shows that the greatest increase in the history of the American merchant marine engaged in foreign trade, in any period of ten years, occurred between 1849 and 1859 and amounted to 70 per cent when the tonnage rose from 1,418,000 tons to 2,414,000 tons. Yet, up to March 1, we have the pressure of an emergency, facilitated by appropriate legislation effective the end of last August, resulting in an increase of practically 50 per cent in the incredibly short space of six months. Except for the provisions for facilitating the operation and transfer to the American flag of foreign-built ships, our navigation laws relating to the operation of American ships have remained unaltered during this time. Of course the time is exceptional; but the same may be said of the increase. The American tonnage now plying in foreign trade is actually half as great again as it was last July or August. Whether this increase will be maintained since the passage of the Seamen's Act will afford interesting matter for comment in regard to that law.

#### THE CIVIL WAR

In 1855 the United States took to railroad construction on a vast scale. The conclusion of the war, ten years later, found an unparalleled display of energy and interest devoted to extending those great arteries of domestic commerce which made possible the industrial expansion of the country in the last half of the nineteenth century. After the war, a distinguished general of Sherman's army took great numbers of the men of his command—almost all young men under thirty—enrolled them as laborers, and went out and built the Union Pacific railroad. These men had already, on one occasion in the march from Atlanta to the sea, built over a hundred miles of railroad through difficult country in less than forty days. The sands of the western desert and the constant raids of marauding Indians were all in the day's work and were encountered with a youthful hardihood and unconquerable enthusiasm bred in successful campaigns against more dangerous enemies. It has been suggested with great force that this railroad building and the industrial expansion which accompanied it, fol-

lowed by the construction of the telegraph and telephone in an intricate network throughout the country, necessarily reduced shipping to an interest of minor importance.

#### NAVIGATION LAWS TODAY

Whatever may be held to be the real causes of the decline of the merchant marine which has taken place in the last fifty years, this brief sketch will afford some background for an examination of our navigation laws as they actually exist. The general understanding of them is rather vague. There is first of all a tendency to confuse law with regulation. The navigation laws are one thing. The regulations based on them and issued by administrative officers for their enforcement are something quite separate and distinct.

#### TONNAGE MEASUREMENT

Port dues, pilot charges, and other expenses incurred by vessels at home and abroad are scaled on the basis of ship tonnage. The measurement of tonnage may therefore become a matter of commercial importance to shipowners, particularly if it results in increasing their expenses owing to the higher tonnage of their ships. One of the chief objections to the navigation laws as they stand today has been directed to the system of tonnage measurement. It has been insisted that American ships are at a disadvantage and their cost of operation increased because our measurement results in giving the American ship a greater tonnage than the tonnage given its foreign competitor of the same class, under foreign rules.

Comparison is specially drawn between American and British law in this respect. As a matter of fact, the law of the two countries is practically identical. Indeed all the chief trading nations of today have very much the same measurement laws. The principal difference between the measurement of vessels in this country and abroad has been due to the interpretation given to the words "permanent closed-in space." The American interpretation, however, is not a matter of law at all, but is one purely of regulation.

At the same time little, if any, comment has been made on the fact that whereas the regulations of our most important competitors provide for the assessment of light dues, equivalent to tonnage dues, for deck cargoes carried on British ships, the American law carries no authority for the imposition of such charges nor are deck cargoes measured in ascertaining the tonnage of American merchant ships.

#### OBJECTION REMEDIED

In the belief that the passage of the registry act of August 18, 1914, was designed by Congress to bring about conditions of competition between American and foreign ships on a more equal footing, the Commissioner of Navigation issued instructions to collectors of customs last September that they might receive and forward applications from shipowners for a review of measurement on the ground that additions in the outstanding registers had been made to the gross tonnage on account of sheltered spaces above the deck which were under cover and open to the weather; that they were not inclosed. The instructions stated specifically, practically quoting the British regulations, that poops, bridges or any other permanent erections with one or more openings in the sides or ends not fitted with doors or other permanently attached means of closing them, should not be measured and included in the tonnage of vessels measured under American rules.

The purport of these instructions

was to apply practically the same interpretation of closed-in spaces as applied by other countries, and thus do away with a practice which was claimed to constitute a discrimination against American ships. This has been purely a matter of regulation, yet it has been cited constantly as one of the objectionable features of our navigation laws. It is a matter of considerable interest, and perhaps significance, that up to March 1, no application had been received from any American shipowner to take advantage of the new instructions. No American ships had been remeasured on the ground that their former measurement under the previous regulations was excessive.

#### SIZE OF CREWS

Another feature which the navigation laws have been accused of contributing to the expense of operating American ships, has been the size of the crews. Particular stress has lately been laid upon the extra men to act as water tenders in an American vessel, which are not required in the engine room of any foreign steamer. As a matter of fact it has remained for the Seamen's Act which became law on March 4, 1915, to put any legal restriction on the composition of American crews, except as regards the officers. Prior to that date, the law provided simply that no vessel should navigate without such complement of crew as might, in the judgment of the local inspectors, be necessary for its safe navigation. The actual number of the crew was not stipulated in any way in the law but was left to the judgment of individual officers of the government. Various interests may differ as to the manner in which the law has been administered but the defect did not lie in any legal requirement passed by Congress.

With regard to officers, the complement for each ship was also left entirely to the judgment of inspectors prior to 1913. Even since that date, when a law was passed definitely stipulating three watch officers for vessels of one thousand gross tons and over, the inspectors still have power to increase this number whenever necessary in their judgment. Our navigation laws prescribe that the master and all watch officers shall be citizens of the United States, a condition which is not characteristic of all other merchant shipping. On the whole it is nevertheless true that those features regarding the make-up of the crews of merchant vessels which have been criticized most frequently have been matters of regulation and not of law.

It has not proved a hardship to provide American captains and officers, and the addition of a third officer in certain cases, as described above, was made very recently and after the navigation laws had been an object of criticism for many years. The number and composition of the crews, however, have been until the last ten days, matters purely of regulation and not of law. It has remained for the latest addition to our navigation laws to surround the make-up of a crew with legal restrictions.

#### SEAMEN'S ACT

For the first time it is now stipulated what proportion of a merchant vessel's crew shall be composed of able seamen. The inspector no longer has any discretion. Beginning with forty per cent, at the end of five years, and thereafter, at least sixty-five per cent of the so-called deck crew, exclusive of licensed officers, shall be of the rating of able seamen. Furthermore, seventy-five per cent in every department of the crew shall be able to understand any order given by the

officers. Not only are the number of watches into which the crew shall be divided now fixed by law but also the number of hours which shall constitute a day's work under normal conditions.

The former discretion of the inspector has been displaced by definite provisions of law. Whatever may have been its justification, the criticism formerly aimed at what was a matter of regulation and inspection will, if continued, be directed against actual terms of law.

#### INSPECTION SERVICE

The measurement and manning of a merchant vessel are by no means indicative of the entire scope of the navigation laws and regulations. The duties of the Commissioner of Navigation are supplemented by those of the Board of Supervising Inspectors of the Steamboat Inspection Service by whom regulations governing the inspection of hulls and boilers are issued. It is a matter of law that no vessel shall navigate without an unexpired license, but it is a rigidity of regulation which interprets this to mean that a ship whose license expired before its return to the United States shall be detained for inspection at the first port entered, whether or not it is the ship's home port and whether or not an inspector may have to come from a distance in order to make the inspection necessary for the issue of a new license.

The inspection of boilers is a matter of great importance and all nations so regard it. The American law on this subject, nevertheless, appears to be more stringent than some others. It is provided by law that a hydrostatic test equal to one and a half times the working steam pressure shall be applied at each annual inspection. British practice requires that such a test shall be applied only when advisable in the judgment of the inspector, or when the boilers cannot be entered for inspection and that it shall then be applied for ten minutes under a pressure equal to double the steam pressure allowed. Here again the difference between the laws of the two countries lies primarily in the more rigid character of the American requirements.

#### SAFETY AT SEA

Other matters of inspection concern fire protection, safety and wireless apparatus. The minimum requirements for lifeboats and other safety appliances fixed by the Seamen's Act follow closely the general provisions of the International Convention for the Safety of Life at Sea which have been generally adopted by European countries. It is a matter of regulation, however, which has given rise to protests in regard to the length and quality of fire hose necessary, and other details of that character.

The wireless requirements for American vessels are fixed by a law passed since the sinking of the *Titanic*. The service to commerce and to the preservation of human life which has been rendered by wireless telegraph has been almost spectacular in its positive value. The first notable instance was the occasion of the ramming and final sinking of the White Star steamer *Republic* by an Italian liner. This has been followed by others, including the *Titanic* and *Volturmo* and in the last few days, the *Touraine*. The propriety of requiring two expert operators has been questioned as a matter of practice but not of theory, and the service itself is still such a matter of comparative novelty that there is no reason to suppose that

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# Commerce and The New Coast Guard

By Captain Commandant Ellsworth P. Bertholf, United States Coast Guard

The following article reviews briefly the important but little known assistance to commerce which has been rendered in the past by the Revenue Cutter and Life Saving Services, and which will be continued by the newly organized Coast Guard Service—a service resulting from the union of the two older services by recent act of Congress.

AS indicative of the important work which will be performed by the new coast guard—a union of the revenue cutter and life saving services—for commerce and the maritime world, there can be cited the results of the operations of the two services when acting independently during the fiscal year just ended. Assistance was rendered to upwards of 2,000 vessels in distress; 5,238 persons were actually rescued from peril and 10,983 persons were on board the vessels assisted. Of particular interest to the commercial world is the value of the vessels assisted, which, including cargoes, mounted to the impressive figure of \$24,386,191. The cost of maintenance and operation of the services during the above year came to \$4,781,949.

It will thus be seen that for the expenditure of each dollar for the coast guard there can be expected a conservation of not less than \$5.09 worth of property. With the added efficiency which will undoubtedly come with the uniting of the two services, even greater returns than this may reasonably be expected, and this without taking into consideration the humanitarian feature of the thousands of lives saved every year.

## NORTH ATLANTIC PATROL

The coast guard in an effort to safeguard the North Atlantic travel lanes—paths traversed by freight and passenger ships alike—maintains at this season of the year a constant patrol of the menacing ice fields. Its purpose is to give steamers approaching the ice infested regions in the spring and summer months timely warning as to the exact location of the dangerous bergs and fields of ice. Warnings and ice information are given by wireless or otherwise to any ship with which the coast guard vessels may be able to communicate.

The necessity of such a patrol was made apparent by the terrible loss of life when the Titanic struck an iceberg. So efficiently has the service been maintained that at the request of the commercial nations of the world, assembled at London for an International Conference on Safety at Sea, the coast guard cutters will continue to perform this ice patrol indefinitely, the expense being divided among the great maritime nations of the world.

## DESTRUCTION OF DERELICTS

An important service of the coast guard to commerce is the ridding of commercial waterways of the deadly derelicts. No matter how long the search for these sea wanderers may take, once a coast guard vessel is notified, the chances are that the menace will be removed. Sometimes a quarter of the hemisphere must be searched but the coast guard vessels do not miss one in five. Over thirty derelicts or serious obstructions to navigation were blown up or removed last year alone. For blowing up derelicts the Seneca, built for that duty, and other coast guard cutters have been especially equipped with high explosives. Within the last three months one of our cutters has towed into Norfolk, Va., three derelict lumber schooners, containing an aggregate cargo of



Harris & Ewing. CAPT. COMMANDANT E. P. BERTHOLF  
Chief of the Newly Organized United States Coast Guard.

2,000,000 feet of yellow pine. If these vessels had not been sighted and towed to port another month would have found them in the North Atlantic lanes.

## SERVICES TO COMMERCE AT SEA

In rendering such service as this the coast guard accomplishes four things of value to the commercial world: (1) removes a menace to coastwise trade, (2) restores vessels to owners without expense, whereas if the work were accomplished by a private concern the latter would practically own the vessel, (3) conserves the cargo, and (4) makes for a generally lower rate of insurance.

Nor are the rescued cargoes confined to lumber. Ships rescued last

year were loaded with salt, sugar, coal, iron ore, pulp wood, fish, grain, general merchandise, crushed stone, oil, sulphur, cotton seed, paving blocks, oysters, sand, tin, granite, and other materials almost too numerous to mention.

As this article is being written there comes a good example of how, with the aid of wireless, a fruiter—cargo and ship valued at nearly \$1,000,000—was rescued by a coast guard cutter. For seventy-four hours the merchant vessel wallowed helplessly in the trough of heavy Atlantic seas, her rudder smashed beyond repair. The wind and tide were carrying the ship steadily toward the Diamond Shoals when our cutter arrived. At one time the steamer in distress was within sixteen miles of the shoals where certain de-

struction and death would have been the fate of vessel and passengers. By our cutter trailing in the rear as a rudder, and with the assistance of tugs, the ship was finally towed into New York.

From December 1 to March 30, a cordon of ten able first-class coast guard cutters cruises along the Atlantic Coast from Maine to Florida for the express purpose of lending assistance to vessels in distress. Each cutter is fitted with wireless telegraphy by means of which she is kept in touch at all hours of the day and night with shore stations and with steamships near the coast. At the first alarm she is off for the scene of trouble.

## HARBOR PATROL AND FIRE SERVICES

The enforcement of laws relating to anchorage of vessels in harbors is carried out by the coast guard. There are vessels in motion by the hundreds in city harbors but owing to the vigilance of harbor cutters they are allowed to anchor only in certain restricted parts of the harbor out of the regular lines of travel. Skippers are liable to a fine but if they do not move quickly a coast guard squad boards the ship and takes charge. Oftentimes, rather than wait until a tug may be summoned, the cutter itself tows the ship or barge to the proper place for anchorage.

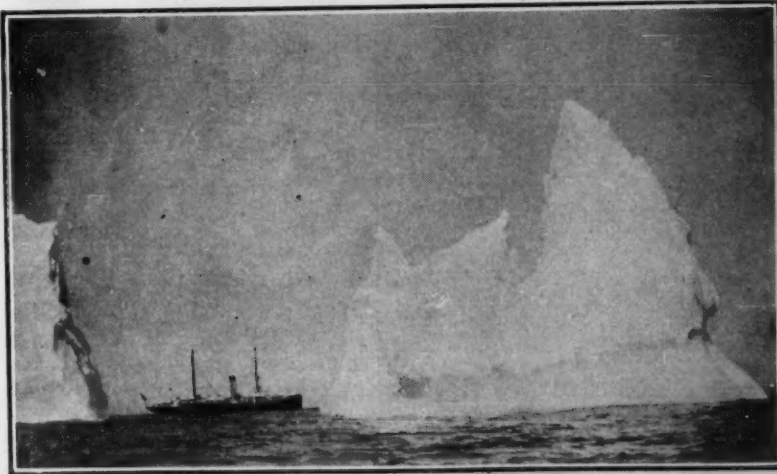
Nearly all coast guard cutters are fitted with powerful fire pumps, which, in addition to providing protection from fire for the vessels themselves, frequently come into use in assisting the local fire department in extinguishing fires along the water front or on merchant vessels in the harbors where cutters are stationed. Many thousand dollars worth of property are thus saved annually.

A recent act of Congress provides that a coast guard cutter may be detailed for the purpose of serving as a hospital ship for our deep-sea fishermen, similar to those provided in the North Sea. Several times coast guard cutters stationed in New England have been detailed to accompany the American fishing fleet to Newfoundland for the purpose of lending aid in case of distress, and of interpreting their right to fish in those waters.

## PERSONNEL OF THE SERVICE

There are now in the new coast guard approximately 4,100 officers and enlisted men. There are in the service 44 cutters, 18 of them being small vessels for harbor and anchorage duty. All but two of these are built of steel and are admirable models of marine design and architecture. Each vessel is armed with from 2 to 9 of the most recent design of rapid fire guns, and the crews are equipped with all necessary fire arms. On shore there are 279 coast guard stations and houses of refuge, located at intervals along our entire seaboard. The new service is a branch of the military forces of the United States, operating under the Treasury Department in time of peace, and under the Navy Department whenever the President may direct, either in peace or in war. The transfer during war times becomes automatic.

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DANGEROUS WATERS

The Coast Guard Cutter Seneca Warning Ships of Icebergs in the North Atlantic Lanes.



# Our Commercial Sources for Military Supplies

The following article gives a brief analysis of the marked increase in exports of arms and ammunition which has taken place since the beginning of the European war. The output of American manufacturing plants in response to emergency demands abroad gives some indication of capacities which are not developed in times of peace.

**A**S the question of contraband has become a matter of international importance it was to be expected that any inquiry concerning the export of arms and ammunition, constituting one of the principal classes of contraband articles, would show interesting results. In compliance with a resolution adopted by the Senate, the Secretary of Commerce has recently made a report showing the exports of domestic cartridges, gunpowder and firearms to each of the belligerent nations and to Canada, together with the exports to all foreign countries. The purpose of the Senate resolution was to secure information whether, or to what extent, arms, ammunition, artillery and other munitions of war are being supplied to the belligerents by the United States. The inquiry suggests other questions affecting our national manufacturing resources.

## SHORTAGE REPORTED

Recent discussions in Congress and in the public press have brought into prominence the question of the potential capacity of the United States in time of war to overcome the shortage of arms and ammunition to which attention has been called in official reports of the War Department. It is officially stated that, even at the present increased rate of appropriation on the part of Congress, the desirable supply of field artillery guns and carriages, fixed in the project approved by the Secretary of War, will not be completed until 1920, and that the supply of reserve ammunition for field artillery will only attain a reasonable accumulation by 1919. Statements of much the same nature have been made regarding other classes of ammunition and equipment. The shortage disclosed has led to a natural inquiry as to what might be accomplished in an emergency, which would require the Government to call upon private firms to assist, to the limit of their capacity, the Government arsenals in supplying munitions of war for the large number of troops which any actual hostilities would call into existence in this country.

## CLASSIFICATION OF EXPORTS

It has been widely noted that the military requirements of the belligerent nations have had very much to do with keeping the exports of the United States up to normal figures. It is, therefore, to be expected that, while it will not necessarily be conclusive, an inquiry into the comparative exports of munitions of war in normal times and in the period since the outbreak of hostilities in Europe may give some indication of the latent productive capacity of private manufacturing plants in the United States. It would appear that there are at least 15,000 concerns in the country which either in their present state, or with slight change of equipment, could engage in the manufacture of arms and other munitions of war. The export statistics available from official sources do not distinguish, in the classifications used, between small arms and cannon and other artillery, nor do they separate military weapons from firearms used for sporting purposes; nor are explosives used for war purposes and for industrial use classified separately. However, under the term ammunition,

it would appear that cartridges and gunpowder may properly be classed, and that the terms gun powder and firearms will fairly cover the munitions of war of this character which are now being sent abroad. The figures available are classed under these terms and are of more than passing interest.

## AMMUNITION EXPORTS

The figures for the fiscal years ended June 30, 1913 and 1914, show that, under the term cartridges, the exports amounted to about \$2,500,000 and \$3,500,000 respectively, the actual figures being \$2,657,106 and \$3,521,533. From August 1 to December 31, a notable increase is evident; such figures as are available show that the value of ammunition exported under the heading cartridges in these five months, amounted to over \$4,350,000. Of course, it is not possible to determine from these figures how far, if at all, the private plants, engaged in this manufacture, have curtailed their output for the domestic market. On the face of it, however, the value of the ammunition exported in the last five months of 1914, if maintained for the rest of the fiscal year, that is until June 30, 1915, would show a total three times that exported the previous year. Since September, the figures available also indicated that the preponderating part of this export of ammunition has been to the belligerents. In fact, in October and November, the amount exported to belligerents was about four times greater than that sent to other countries. On the other hand, the figures for the whole fiscal years of 1913 and 1914 show that the value of the ammunition exported to the countries which, since then, have engaged in the present war, was in one case only about one-sixth, and in the other, approximately one-fourth of the total exports. This would seem to indicate clearly that the marked increase in exports has been directly due to the urgent demands of the emergencies of the war. In any case, the general deduction can be made with some assurance that the output of American factories engaged in the manufacture of ammunition can respond largely to abnormal demands.

## GUNPOWDER SHIPMENTS

The export of gunpowder in the fiscal years ending June 30, 1913 and 1914, did not attain any very imposing figures, the totals being a little over \$378,000 and \$247,000 respectively. Only about a third of this went to the countries now at war. For the last five months of 1914, however, such figures as are available indicate that the total export of gunpowder has approximated \$200,000, the actual figures being slightly over \$194,000. Conclusive figures are not available, but it would appear that the increase cannot be traced to the demands of the war, although, if continued for the rest of the fiscal year, that is to June 30, 1915, it would show a total increase in value nearly double the amount in the fiscal year of 1914.

## RIFLES AND ARTILLERY

Under the term of firearms, export statistics include artillery as well as rifles and other small arms. The figures for the exports in the fiscal

years ending June 30, 1913 and 1914, are about \$3,970,000 and \$3,442,000 respectively, of which approximately a third, in each case, went to the countries now at war. From August to December, 1914, inclusive, the total value of firearms exported from the United States reached a total in excess of \$3,400,000, an increase which, if maintained for the rest of the year, would result in exports more than double the value of those in either of the two years preceding the war. Conclusive figures are not available, but it would appear that more than half of the exports in the last part of 1914 went to the belligerents. Here again, as in the case of ammunition, there is ground for belief that the capacity of domestic manufacturing plants has responded in a very marked manner to the demands of an emergency.

## ACTUAL CONDITIONS

Bald statistics are sometimes dangerous and subject to the criticism once passed on them by an eminent statesman when he stated that in the ascending scale there are three categories of lies, of which the third and highest is statistics. Nevertheless, certain generalizations appear justifiable. In the first place there is no reason to suppose that the domestic demand for arms and ammunition has been any less since the outbreak of war in Europe than at any other time. The normal activities of the army have continued and the situation of private individuals would not appear to be abnormal. Furthermore, the government arsenals have continued their normal output, none of which is, of course, available for sale to foreign countries. Consequently, the pronounced increase in exports would appear due to certain definite demands, and an analysis of the figures given above shows that, certainly in the case of cartridges and firearms, this demand can be traced directly to the belligerent countries. The economic cost of war has frequently been questioned, and numerous arguments have been advanced to show that it is exaggerated. The explanation is claimed to lie in the fact that unsuspected resources are developed and unforeseen savings effected. Whatever expert inquiries have developed in the past regarding the latent capacity of American manufacturers of arms and ammunition, it would seem that the demands of the present war have shown that their normal output can be increased in a very striking manner in response to emergency demands. As a matter of fact, there is some reason to suppose that the next six months may show an increase more marked than that which took place in the first period of the war.

## GENERAL CONCLUSIONS

The arrival of a semi-official commission from Roumania for the purpose of arranging shipments of supplies and military equipment, was noted some weeks ago as a further indication that the demands of the European war had not been confined to the belligerent countries. The emergencies created have made themselves felt beyond the borders of the warring nations and there is ample evidence to show that Greece, Roumania, Holland, Switzerland and Italy have all

made serious and extensive military preparations. It is generally understood that Italy's great army has been practically mobilized on a war footing. Such preparations have necessarily created an abnormal demand for military equipment. Therefore, in considering the causes of the increased exports from the United States, any accurate estimate should properly include in its scope the demands of those countries which have been affected by the hostilities as well as those actually engaged in the conflict.

The fact that the Roumanian commission is reported to have been unable to obtain satisfactory supplies in this country, may be held to reflect upon the capacity of American manufacturing plants to expand. At the same time, the figures which have been reviewed above indicate that response is already being made, with considerable success, to a very unusual demand and that the limit of capacity which has now, apparently, been reached is very much beyond the normal. A more important consideration is the time it has taken to reach the maximum capacity of each manufacturing plant engaged in the undertaking. Time has become an essential element of success in any undertaking of this character, particularly in its early stages. The mobilizing of the manufacturing resources of the nation would tend to still greater efficiency than that disclosed under present conditions, and the present would seem to afford an excellent opportunity for calculating with some degree of accuracy how far our commercial sources of supply are competent in an emergency to supplement those of the Government.

If it is true that war conditions develop unexpected resources, the present demands upon manufacturers of military equipment and munitions of war more nearly approach what might be expected if this country were actually engaged in hostilities, than anything which has arisen since our industries reached substantial proportions.

## Commerce and The New Coast Guard

(Continued from page 10.)

Altogether the increased efficiency of the new coast guard inspired by certain benefits and pensions due those engaged in extra hazardous service— attracting a better class of men to the shore patrol and life saving work—will mean much to the commerce of the nation. Strange as it may seem, prior to the recent passage of the coast guard act, Congress had failed to provide retirement for the heroic men of the life saving service, and as a result that branch of the coast guard had greatly deteriorated in efficiency, owing to the impossibilities of enlisting the best men for this hazardous service. Watch of the seas in the vicinity of our coasts will be kept with greater vigilance than ever before. As a result, traffic will become safer, millions of dollars worth of property will be saved, which it is hoped will result in a constant lowering of insurance rates. The new service will prove more and more essential to the world of commerce.



## Analysis of Navigation Law and Regulation

(Continued from page 9.)

the law and regulations governing it have reached their final form.

### SEAMEN'S WELFARE

It is generally admitted that American seamen are better paid and fed than men in foreign ships. It nevertheless remained for the Seamen's Act to require fore-castle accommodations equal to the British. The Act has gone further in providing for hospital accommodation and shower baths but, as regards the actual sleeping accommodations and crew space, it has only brought American requirements up to the existing British standard. Yet it has been generally believed that American requirements in these respects in the past have been unique.

It is no doubt true that the cost of provisions for an American crew, when purchases are made in this country, are greater than abroad. On the other hand, an examination of the food scale required by law, even with the slight additions contributed by the Seamen's Act, fails to disclose any tangible divergence in standards between the United States and Great Britain. In any case, shipowners assert that they exceed the requirements of the law and give their seamen better rations than are called for by statute. This is understood to be the case also in the British merchant marine. What American seamen demand and will ship for, is a matter for special inquiry. But the standards fixed by law, both as regards sleeping accommodations and crew space as well as quality of diet, are not exceptional nor of a character beyond that fixed by Great Britain.

### CONSTRUCTION STANDARDS

As an illustration of the distinction between our requirements of law and the additional requirements fixed subsequently by regulations issued by administrative officers an admirable example is afforded in regard to watertight compartments and bulkheads. For sea-going steamers, the law requires not less than three water-tight cross-bulkheads, such bulkheads to reach to the main deck in single-decked vessels, otherwise to the deck next below the main deck; to be made of iron plates, sustained upon suitable framework; and to be properly secured to the hull of the vessel. The position of such bulkheads and the strength of the material of which they shall be made, however, is determined by regulations issued by the Board of Supervising Inspectors.

Under the alchemy of regulation, our "navigation laws" require that every sea-going steam vessel shall have a water-tight collision bulkhead. This bulkhead must be placed not more than one-tenth nor less than one-sixteenth of the length of the vessel from the bow, according to the actual length of each particular ship. Such vessels must also have one water-tight bulkhead forward of and one abaft the engine and boilers, and, in addition thereto, shall have such other water-tight bulkheads as may be necessary to provide that there shall be no space between the bulkheads to exceed in length one-fifth the length of the vessel, provided further, that in no case shall the distance between the bulkheads be greater than 80 feet. Screw steamers shall, in addition to the above-named bulkheads, have located at a suitable distance forward from the stern post a water-tight bulkhead to protect the vessel from disaster in case of fracture of the stern pipe inclosing the propeller shaft.

Thus where the law provides defi-

nately for a total of only three bulkheads, the regulations provide for one every eighty feet. The regulations furthermore stipulate the thickness of the iron or steel plates of which the bulkheads shall be composed and specify minutely how they shall be strengthened and supported. Regulations thus contribute to detail and a particularity of standard which in this case have no definite provision in law. This illustration is not given as an example of the burden imposed by our navigation laws in matters of construction. It is simply a clear case of how regulation may contribute to raising the standard of legal requirement.

### REVIEW OF FACTS

From what has been described, it is evident that much of the criticism of navigation laws should have been directed against regulations which are the action of government officials. These regulations can be changed as shown above in the case of tonnage measurement. Prior to the passage of the Seamen's Bill, two primary causes have kept our foreign merchant marine down. The first of these is a matter of economic conditions which has determined the scale of seamen's wages and the cost of ship construction in this country. Rapid industrial expansion, cheap land, high standards of living and numerous contributory causes have created such a condition. The second factor militating against a merchant marine, while based on our so-called navigation laws, has been mainly a matter of regulation and administration and not of statute. Fixing the complement of a crew is a matter of expert judgment. Whatever the necessity may have been, it is certain that local inspectors on the very plausible ground of safety have made American requirements more exacting than those of our competitors. So in the matter of tonnage measurement, a complaint of long standing proved not only questionable in point of fact, but was also directed against a matter of regulation and not of law. Subsidiary issues between owners and crew have resulted at times in forcing a greater number of men even than that required by the ship's license and fixed by the inspectors. A broader interpretation of the laws as illustrated in the change of tonnage measurement, and the expert application and enforcement of navigation law and regulation by inspectors and shipping commissioners, carefully selected for the thoroughness of their shipping knowledge and experience, is a necessity merely as a matter of good business.

### PRESENT SITUATION

The condition of our merchant marine today is not subject of dispute. A glance at the diagram at the heading of this article shows that our shipping in foreign trade last July was actually less than it was in 1849. Its proportionate and relative importance is infinitely less. The total exports and imports of the United States in 1849 amounted in value to \$293,613,259 of which 75 per cent was carried in American vessels. In 1914 the total value of exports and imports reached the sum of \$4,258,504,805 and only 8.6 per cent of it was carried under the American flag. These figures are remarkable. In sixty-five years the relative carrying capacity of our foreign-going ships has fallen off till it is only a little more than one-eighth of its former proportions. Yet during that time the United States has become one of the leading industrial and commercial nations of the world. Further comment can add little to these considerations.

## The Seamen's Act

The declared purposes of the Seamen's Act are, "To promote the welfare of American Seamen in the Merchant Marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea." It regulates the manning of vessels, division of watches at sea, payment of wages to the crew, establishes ratings for able seamen and lifeboat men, institutes a language test for crews, and fixes the requirements for safety of life at sea. Neither the supporters nor opponents of the Act questioned the propriety of promoting the welfare of American seamen or safety of life at sea. A radical difference of opinion, however, arose as to the means necessary and proper to attain these ends.

### PENALTY FOR DESERTION

It is understood that the terms of the law will be generally applicable to foreign as well as to American vessels. The first provision which will affect our treaties with foreign countries concerns the abolition of imprisonment as a penalty for desertion. In this respect the law not only provides that the penalty for desertion shall be limited to forfeiture of all or any part of the clothes or effects left by the seaman on his ship and of all or any part of his wages due, but further stipulates that the master of the ship must, if obtainable, fill up his crew with a number of men, equal to those who have deserted, and of the same or higher grade or rating with those whose places they take.

### LANGUAGE TEST

A new requirement is provided that 75% of the crew of every vessel will have to be able to understand any orders given by the officers. The employment of seamen of a different nationality from the vessel in which they sail, is a common feature of ocean commerce. In the far eastern trade, it has become a matter of frequent practice to employ lascars and Chinese or Indian coolies to act under a kind of foreman who communicates to them orders issued by the officers of the ship. The practical results of requiring 75% of the entire crew of every ship to understand English or German, or whatever may be the national language of the officers, is still a matter of dispute. Many shippers and others closely connected with questions of overseas trade and commerce claim that the American flag will be practically eliminated from the Pacific in consequence. One announcement of intention to transfer steamers from American to foreign registry has already appeared in the press.

### CREW REQUIREMENTS

Of the crew in the deck department, at least 40% will have to be of the rating of able seamen, this proportion being increased to 65% after five years from now. The rating of able seamen on vessels engaged in ocean trade, will be granted to all persons over 19 years of age who have served at least three years on deck at sea or on the Great Lakes, including service on fishing vessels and vessels of the Navy and Coast Guard. One of these able seamen, or an officer, will be in charge of each lifeboat or raft, with one or more certified lifeboat-men.

Both of these requirements not only set a higher standard than anything previously demanded by inspectors, but reduce to terms of law matters which throughout the history of our

merchant marine have been left to the judgment of government officials whose training is supposed to render them competent in such matters.

In regard to payment of wages, a seaman, hereafter, will be permitted to draw pay at every port, with a minimum interval of five days between payments, of one-half the wages due him, despite any stipulation to the contrary in the articles under which he shipped. This provision will apply to seamen of foreign vessels while in United States ports. Seamen's wages will be further exempt from attachment, and allotment of wages in advance will be prohibited except when they are to be paid to relations, etc. Flogging and other forms of corporal punishment are abolished, although penalties involving confinement in irons and bread and water diet, are still provided.

### FOREIGN TREATIES

A number of foreign countries will be affected by the enactment of the Seamen's Act, including the principal maritime nations of Europe. The provisions regarding desertion, and also the language test and composition of the crew, if applied, will introduce new conditions with which foreign shipowners have hitherto been unacquainted. It is within the range of possibility that advantages hitherto accorded American vessels in foreign ports may in some cases be withdrawn or that a number of complications may arise whose general tendency will be to embarrass rather than encourage intercourse with foreign countries carried on by American ships. This phase of the law was discussed at length in Congress but its ultimate effects in this respect are still a matter of controversy. It would appear certain, however, that the introduction of new conditions affecting foreign vessels trading to the United States will necessarily give rise to important diplomatic negotiations.

### RESULTS IN CONTROVERSY

The purposes of the new act as specified in the text are benevolent. Whether such results will equal the disadvantages due to added restrictions on American shipping is the point in controversy. There is no question that the law does not contain any relaxation of existing statutes which have already been criticized for their restrictive nature and held responsible for the decline of our merchant marine. As a matter of fact, it imposes additional duties upon the owners of ships trading from and to American ports, and surrounds the makeup and management of a ship's crew with legal restrictions. The demands for American shipping today are urgent. Measures to alleviate the situation have been proposed on all sides and government ownership and operation is advocated by the administration. If the terms of the Seamen's Act are complied with and enforced, the American merchant marine will be operated henceforth, in those phases covered by the Act, under specific statutory requirements which have never been applicable in the past. Reference is made in another article in this issue to the surprising increase of American shipping in foreign trade brought about since the beginning of the war by the purchase and transfer to the American flag of foreign-built ships and made possible by the emergency legislation passed last August. If this increase fails to be maintained, the Seamen's Act will become the subject of even sharper criticism than at present.



# The Movement of Foreign Trade

The revival of American export trade, which has been noticed since November, was preceded by a grave dislocation of foreign trade conditions all over the world. The following article sets forth such figures as are available to indicate the general trend of the foreign trade of the United States today.

**A**merican exports appear now to have attained larger proportions than at the same time last year when the ships of all nations were operating under normal conditions on all the trade routes of the world. This revival of our export trade has carried with it a number of interesting features.

Telegrams received from American consular officers from all parts of the world shortly after the outbreak of war, revealed conditions of serious stress and disturbance. This was particularly true with regard to Central and South America. In fact the beginning of hostilities, which found the two greatest trading nations of Europe ranged on opposite sides, produced a complete dislocation of the world's foreign commerce. As a matter of course, the temporary chaos produced in the various local markets was reflected in the financial situation.

## UNOCCUPIED MARKETS

A study of the unoccupied foreign markets which resulted from the serious difficulties connected with all commercial communication with Germany and Austria was at once undertaken by the National Chamber. A series of careful statements covering in turn the markets of all the principal countries of the world, was published in successive numbers of the General Bulletin. The series began August 22, and concluded November 9. The situation revealed indicated that a definite demand might be expected upon American manufacturers which, while owing its origin to temporary conditions, might be made in large part permanent if only American exporters rose to a proper handling of the situation.

Even a superficial survey of the natural resources of the United States makes clear the fact that the country is very far from attaining the limits of expansion in the production of its natural resources. A very interesting feature is revealed in the estimates made by the Department of Commerce which show a total domestic trade of \$40,000,000,000 and a foreign trade of a little more than \$4,250,000,000. The foreign trade is only some 10% of the aggregate trade of the United States. These figures are for 1912.

With these facts in view the revival of the export trade which had taken place by the first of the year, in spite of the new conditions and grave disturbances created by the war, may seem less surprising. The world's largest exporters are the United States and Great Britain, followed by Germany, France and the Netherlands. Its leading importers are Great Britain, Germany, and the United States in the order named. It was not unnatural, with the latent resources to which reference has already been made, that the United States should have been able to respond to exceptional demands.

## REVIVAL OF TRADE

During August, September and October, the export trade passed through a period of readjustment which only began to assume anything like final proportions in the month of November, since when exports have not only equalled but have surpassed

the figures attained for the same period a year ago.

The last general figures available which are for January show that the aggregate imports of merchandise were \$122,000,000 in round numbers, or practically \$32,000,000 less than for the same month of 1914, a falling off of practically 20%. Nevertheless, this shows an improvement over December when the falling off was about 40%.

The total exports for January, however, exceeded \$265,500,000 or about \$64,000,000 in excess of the figures for January, 1914. This excess occurred in spite of the falling off in exports of cotton. The figures for cotton exports in January are not available, but those for December show a figure practically \$50,000,000 less than for the same month a year before.

The interesting development of exports to European countries continues unabated and accounts for the aggregate increase in spite of the falling off in other quarters. Thus, the exports to France in January, were practically three times what they were in the same month a year ago. The same is true of Italy. The exports to the Netherlands and the United Kingdom also show an increase of 60%. From figures available for the exports from the port of New York, which in 1914 represented 40% of our export trade and 55% of the import trade, the exports to Denmark in January not only show an increase of seven and one-half times over the same month a year ago, but an increase of practically 50% over the previous month, December, 1914. Those for Sweden show an increase of more than ten times over January, 1914. Thus, the total exports to Europe from the United States, in January, 1915, aggregated nearly \$212,000,000, whereas in the same month a year ago they were only \$140,000,000.

Of course, the increases noted above have been accompanied by decreases with regard to the countries at war. This is particularly true of Germany and Russia, the export trade of the United States with Germany only being one-fifth what it was in January, 1914, and with Russia practically nil. However, as so much is being exported to Russia by way of the Pacific, and the Baltic ports are practically closed to trade, intercourse with Russia has not decreased as much as the figures referred to would indicate.

## LATIN AMERICA

When we turn to exports to other parts of the world, the figures for South America are particularly interesting. In January, the exports were only about 80% of those for the same month a year ago, falling from over \$8,500,000, to a little less than \$7,000,000. The figures for January, however, are more encouraging than were those for December, which, at New York, showed a decrease of 250%, that is from \$10,280,000 in 1913 to \$4,333,000 in the same month of 1914. An analysis of this decrease in December shows a notable falling off in some of the principal articles of export, especially as regards agricultural implements, sewing machines, typewriters and oils.

A recapitulation of the exports from the United States in January,

1915, as compared with January, 1914, shows the following results:

January	1914	1915
Europe .....	\$140,321,169	\$211,826,765
North America ..	36,246,960	30,215,205
South America ...	8,656,228	6,989,339
Asia .....	11,645,894	10,394,496
Oceania .....	4,745,937	5,495,344
Africa .....	2,450,415	2,958,074
Total .....	\$204,066,603	\$267,879,313

The situation as regards exports suggests that foreign countries have been less able than the United States to resuscitate their sales to this country. This will explain why measures have now been undertaken in London to prevent exchange from going too far in favor of the United States, whereas last August arrangements had been made in New York to prevent exchange from going heavily against us. Notwithstanding difficulties thrown in the way, shipments of gold have now been made from Europe to the United States.

## GERMANY AND AUSTRIA

Any study of the import statistics for January rivets attention on the figures for Germany and Austria, which are only about 25% below those of a year ago, the principal decrease lying, in the most unexpected manner, with France and Great Britain. In turning to the more detailed figures available for the port of New York, this situation is further emphasized. The imports at New York from Germany and Austria, are practically the same as those for January, 1914, the principal decrease lying with France, Great Britain, Spain and Italy, and not with the two countries whose direct sea communications have been closed.

As regards South America, indications are that the Latin American countries have made more successful efforts than ourselves to increase the mutual exchanges of merchandise between North and South America. Imports from Central American countries, have increased notably, while those from South America show an increase from \$20,000,000 in January, 1914, to \$23,500,000 in January of this year. With regard to South America, these figures are particularly interesting as indicating a reversal of conditions the previous month,—if the figures for New York alone are typical,—when the figures for December, 1914 were over \$3,500,000 below those for December, 1913.

A recapitulation of the aggregate figures for the imports into the United States, in January, gives the following results:

January	1914	1915
Europe .....	\$ 75,146,016	\$ 47,918,855
North America ..	32,037,314	28,027,261
South America ...	20,061,039	23,569,855
Asia .....	22,751,155	18,396,096
Oceania .....	3,011,906	2,118,810
Africa .....	1,735,493	2,341,440
Total .....	\$154,742,923	\$122,372,317

## ANALYSIS OF EXPORTS

The movement of the various commodities which have contributed to this revival of our export trade has been marked by a gain in manufactured foodstuffs which has more than offset a decrease in finished manufactures. At the same time certain lines of manufactures have shown a phenomenal increase which has not been confined entirely to exports of mili-

tary equipment. For details of this character only the figures for December, 1914, are available. They suffice, however, to indicate the general trend. Thus the value of exports of metal-working machinery nearly doubled while exports of zinc rose from only 137,000 pounds a year to nearly 37,000,000 pounds.

Turning to supplies, a demand for which may properly be attributed to the needs of the belligerent armies, the export of commercial automobiles advanced in value from \$101,000 in December, 1913, to \$3,330,000 in December of last year; cotton knit goods from \$295,000 to more than \$2,000,000. The increase in woolen goods was also notable, woolen clothing advancing from \$183,000 to \$1,330,000; blankets and other woolen manufactures from \$103,000 to \$2,750,000. The increase in rubber boots and shoes amounted in value to about ten times the exports of a year ago, the figures for December, 1914, being \$864,000. This was naturally accompanied by an increase in exports of sole and upper leather and boots and shoes. The figures for harness and saddle exports show an increase from \$43,000 to \$1,500,000. The chief markets for these articles were France and England, while Denmark and Holland, respectively, proved to be the principal buyers of cottonseed oil cake and meal, and cottonseed oil.

American manufacturers have been free to deal in contraband at their own risk, and the figures show that France and England have been the principal markets for those articles which are subject to seizure at sea. The export of contraband to other belligerent countries has been a matter of much less importance, and as regards Germany and Austria appears to have been practically non-existent.

## PORTS OF SHIPMENT

Any examination of the movement of our foreign trade would be incomplete without indicating the ports of shipment in this country. The chief point of concentration and export, of course, has been New York, which handles practically all kinds of merchandise.

In millions of dollars the total exports of these ports in the calendar year of 1914 amounted to \$2,114,000 in round numbers, while the imports amounted to \$1,789,000, the first eight in order of exports being New York, Galveston, New Orleans, Baltimore, Detroit, Buffalo, Boston and Philadelphia. The rise of Galveston to the second port of export in the country is due, of course, to large shipments of cotton, cottonseed oil cake and meal, and rice, but nevertheless constitutes an interesting development of recent years.

Unsettled conditions will continue to exist as long as hostilities engage the nations of Europe. The present situation regarding the practical blockade of Germany, together with submarine raids on shipping bound for ports in Great Britain, has already thrown additional uncertainties around all trade with Europe. On the other hand, it is to be expected that demands for foodstuffs, clothing, military supplies and a number of other manufactures will not abate and the balance of the year should show interesting developments.



# Successful Methods of Commercial Organizations

Address by Harry A. Wheeler of Chicago, prepared for delivery February 4, 1915, at the Fifth Session of the Third Annual Meeting of the Chamber of Commerce of the United States.

**C**OMMERCIAL organization is the most significant influence for good that has developed in the United States within the present generation.

I do not make this statement as a complimentary exaggeration to the delegates of this convention, but as a sober and thoughtful conclusion born of close observation of the many forces at work in our national life.

This development is exhibited in two distinct and radically different types, namely, the organization dealing with a single line of business, either national or in some more restricted geographical division, and the community organization (chamber of commerce) with its later evolution, the State federation.

## NATION-WIDE INTERESTS

The crowning achievement of the trade organization is the creation of a sometimes nation-wide combination of interests, which affords no monopoly except that of good will, and which possesses high potentialities of co-operation without destroying competition or encouraging any of the evils which are so broadly, and sometimes so unjustly, attributed to combination.

The community organization achieves in a narrower field of primary interest territorially, but in the fulness of its powers it exerts a beneficial influence upon the whole range of a community's business and then proceeds to bring these widely diversified business and professional interests together under the banner of civic patriotism.

These two types of organizations have always been related to each other through the fact that practically every trade organization member is also a member of his home chamber of commerce, but this relationship never reached a point of affiliation between the organizations themselves until the Chamber of Commerce of the United States provided the medium through which their combined influence could be exerted upon those great National questions which so vitally affect business and government.

## TRADE ORGANIZATIONS

Those of you who participated in the organization meeting of this Chamber will recall how much of misgiving was expressed with respect to working out a basis for the recognition of both types and for making each equally responsible for the administration of the newly organized body. I have always felt a great debt of gratitude to the National trade organizations for the unselfishness with which they supported the geographical scheme that was there adopted. It did not perfectly fit their case, since they could not with any propriety claim representation in any state group, yet with generous farsightedness they gave the fullest co-operation and have contributed in a very large measure to whatever of success has been achieved. Now that the permanence of the Chamber has been definitely established, I wish to suggest that a review be taken of the representation which this important section of the membership has enjoyed in the executive control of the organization, and if such representation has not been the full measure which should have been

accorded, that steps be taken to correct the matter and render full justice during the year 1915.

Perhaps this may be regarded as quite apart from my subject, but it has been on my mind for some time and I cannot conceive a better time or place to raise the question or express my personal feeling.

## BENEFITS OF TRADE ORGANIZATION

Prior to the days of modern organization, business was extremely individualistic. Each unit of production or distribution operated without regard to other units in the same field. Misunderstanding and often open antagonism resulted in decreased efficiency and induced competitive methods which brought loss to the competing factors and no permanent good to any interest. Then came the trade organization, born of necessity, but nevertheless compelled to fight its way against prejudice, selfishness and fear. Its lines of service, however, have become somewhat standardized, and its benefits are capable of being clearly catalogued.

First, it has introduced the personal equation into competition. A very few years ago, men engaged in the same line of business had never mingled personally. Insofar as they were competitors, they held it impossible to be friends. A competitor possessed no virtues and was not infrequently looked upon as cut-throat, robber and idiot. We all know the innumerable instances of outright enmity which competing factors felt for each other. Competition became open warfare, senseless, wasteful and often destructive. Trade organization introduced competitors to each other; suspicion soon gave way to confidence, enmity to friendship, cut-throat policies to playing the game like good sportsmen; and while competition is as sharp as ever, the bitterness and malignity are lacking, and the fight-to-the-death is a thing of the past.

Second, it has fully established the educational value of co-operation. The birth of a brilliant idea in one brain only reaches its fullest development when vitalized by contact with other mentalities. There never was a trade convention that did not in some particular advance the science of the trade, and the man who today denies himself the advantage of discussing his problems in the group loses for his business one of the most profitable products of modern organization.

Third, it has aided in developing the science of cost accounting as a guaranty of fair and stable prices. The only factor in competition that is now really to be feared is ignorance of productive cost. During the years when our industrial expansion was rioting like an unbroken colt, we were subjected

1st—To open warfare competition in which scientific ascertainment of costs did not enter as a controlling factor;

2nd—To combinations which grew out of the very destructive character of open warfare competition;

3rd—To the attempt at monopolistic combination in which the operating factors were less guilty than the promoting factors for the effort to eliminate competition by strangulation.

## REGULATED COMBINATION SOUND.

As these successive steps have been taken, we have learned many useful lessons and to apply many correctives. No need to concern ourselves over the bigness of business. Whatever closely touches the life of a large section of the people, whether it be transportation, finance or industrial enterprise, will be the subject of regulation, and whatever bulks big enough in the public eye to command attention will be the subject of inquiry. Economic law and actual experience will teach us how far regulated combination is sound, and regulated combination will of necessity offer only intelligent and equitable competition. The problem in industrial life today is to avoid the unintelligent competition from the small factors not subject to regulation, and trade organization, through its educational campaign on the subject of costs, is performing a valuable national service among this class.

If time permitted, I should like to speak of the improvement which trade organization is bringing about in the matter of credit terms and method of credit expansion; in watchfulness of market influences; in creating better standards of treatment of labor; in distribution of statistical information upon the state of trade, raw material supply, visible supply of finished products and probable demand,—all of which, as standardized operations, enter into the successful administration of these organizations and assure them an enduring place in the economic life of the nation.

## FIELD OF COMMUNITY ORGANIZATION

The community organization (chamber of commerce) occupies a wholly different field of action, having not to do with the needs of any single line of business but relating itself intimately to the entire commercial and civic life of the city.

Now communities, like individuals, exhibit a great variety of characteristic qualities. No two possess the same virtues or the same faults. That which constitutes a remedy for the ills of one may prove disastrous to another. Population, geographical location, chief business interests, predominating nationality or citizenship, temperament and atmosphere, must be taken into consideration in laying out the work of the chamber of commerce and make standardization particularly difficult, but while complete standardization may be impractical, there are certain ascertained and tested operating plans which, with modifications, can be successfully applied to every organization.

## COMPLETE REPRESENTATION

First—There shall exist as a fundamental requisite to success, an absolute democracy with respect to membership qualifications, such as will assure numerical strength and a representation of every phase of the city's life. Two common faults are apparent in a study of some of our community organizations,—one, in which the control is held by a limited coterie of the prominent men of the community; and, two, where the organization is made up entirely of men who have not yet achieved place or success but who are on the way. The first robs the organi-

zation of that real power which arises from complete representation, and the second robs it of the power which arises from the co-operation and counsel of successful men. Both types are wrong. Share the control and responsibility equitably between them and immeasurable good will result.

## AMPLE REVENUE

Second—Unless the annual dues charged yield an amount which will guarantee ample revenue for efficient operation, a fatal blunder is made. No organization ever charged too much; most of them charge too little. No member will ever be asked to pay what an efficient organization is actually worth. Annual dues should constitute a secondary tax upon one's real and personal property, and should be paid as promptly as though required by law, though rather more cheerfully. It is probably true that no standard of dues can be fixed that will be generally applicable, even to cities of like population, but there should be no hesitancy in fixing the dues at a figure which will assure efficiency.

These are fundamental administrative measures and if time permitted I should like to discuss two others, namely, the success which has followed a policy of rotation in elective offices, permitting every member who has rendered valuable service to aspire to and attain the highest office in the gift of the organization, and the necessity through appropriate committees of giving a large part of the membership some definite task as the surest way to retain interest and enthusiasm.

## PRACTICAL FUNCTIONS

I wish to pass now to what may be called the practical daily functions of a community organization. These functions group themselves into three classes,—the commercial, the civic, and the philanthropic.

Especially emphasis should always be laid upon the commercial activities. These were the sole motive for organization in the early days and must constitute the basic motive of the modern organization if it is to hold its influence and avoid becoming simply a reform movement. I do not advocate the dominance of the commercial solely because of the material results achieved, but because all civic and philanthropic effort must draw its financial support from the wealth created through successful commercial development, and furthermore, practical, hard-headed sense must underlie this activity as opposed to theory and sentiment which is so apt to become the controlling motive in any purely reform effort.

## BUYING AT HOME

In the promotion of commerce and industry the encouragement of intra-market trading offers to my mind a first principle of industrial success. A city whose people have learned to prefer the products made and sold at home to like products made and sold elsewhere has provided itself with the surest guaranty of industrial growth. The responsibility for lack of market loyalty rests first with the producers themselves, and second with the buying public. The distributing medium (the storekeeper), is to my mind least



of all a primary factor. The producers are inclined to view the trade that is far afield is more worthy of cultivation than that which lies about their own plants. If they were ready to conduct a consistent campaign having for its purpose the demonstration of a city's own products to its own people, and proving their value in comparison with like products from other places, they would be taking the first step toward a high per cent of market loyalty. The second factor in intra-market trading is the education of the people to demand home products, and this is singularly the task of the community organization; nor is this task confined to loyalty to home productions, but rather to that broader field of patronizing home distributors as against the unfortunate tendency to assume that the things purchased in other places are better than those we find in the shops of our own community. Almost without exception where a buy-at-home campaign is started, the burden of carrying it on is laid at the door of the local merchant. This is unjust and should be reversed. His co-operation is essential; his interest lies naturally in preferring the products of local factories, since their development means an increase of labor, retaining the profits of the production entirely at home, and furnishing a greater local money circulation which finds its way largely into the retail shops, but it should be borne in mind that it is his business to supply what his customers demand rather than to dictate what they shall demand.

#### INDUSTRIAL DEPARTMENTS

Industrial departments have been commonly organized in successful community organizations over the entire country. The best advertisement for a city will be found in prosperous factories; the poorest advertisement in those dismantled. A city which is found proudly to exhibit its own products and show loyalty to its own factories is assured of industrial success, and new industries will inevitably search out such a city, making the work of the industrial department extremely easy.

Through the organization of trade extension work, and through convention bureaus, the community and its products become known over an ever-increasing territory, and thus the commercial advantage of a community becomes cumulative.

Uniting town and surrounding country by bonds of interest and friendship recognizes the interdependence which properly exists and adds to the common prosperity by the exchange which must result from such a union.

#### CIVIC AND POLITICAL TYPES

Under the head of civic functions, we have gradually reached a point where there are two distinct organized administrations in every city,—the political, which must always be partisan and which will shift from one party to another as public favor is withdrawn for some good or fancied cause, while the civic administration, which is coming to be represented rather completely by the community organization, owns to, no partisanship and remains steadfastly interested only in the general progress and development of the city so that it becomes the one stable and permanent factor offsetting the shift in the tide of political life.

The community organization, because of the relationship which it has singularly come to hold to municipal government, is the steadying factor in

keeping political administrations sound and efficient, and has the advantage of permanency as opposed to the constant change in political administration.

#### EXPERIMENT IN MICHIGAN

In some quarters there is a disposition to combine the civic and political administrations into one. The first experiment of that kind has recently been made in the city of Jackson, Mich., where the president of the Chamber of Commerce is Mayor of the city, and in all probability all five of the city's commissioners are actively identified with that organization. The result of this experiment will be watched with great interest, but I rather deplore a tendency that might lead organizations to seek this sort of responsibility. The highest power, after all, is that which directs rather than performs. If a community organization is to be charged with the responsibility of city government, it thereby loses its power to criticize wisely the faults of administration and some other critical power must rise to take its place. Immeasurable good can come from the maintenance of these two administrations along broad, sane, cooperative lines,—first cooperative, lastly critical,—willing to condemn if condemnation is necessary, but desiring rather to commend and to assist than to frown upon the projects of the administration in power. When James Bryce uttered his now famous criticism of our American institutions, "America's most conspicuous failure is its city government," there was just enough justification to make it a plausible catch-phrase, but today it is much less justified because of the efficient watchfulness of the community organization, and in another decade there will be no ground for such a statement if these organizations continue to perform the advisory function and refuse to be drawn into the actual operation of municipal government.

#### PHILANTHROPIC ACTIVITY

To the community organization the field of philanthropic activity is both prolific of opportunity and of danger. The subjects of interest are limitless,—every one appealing, every one worthy,—but herein lies the danger lest in the zeal to occupy this fruitful field the underlying principles of commercial organization shall be made secondary to those of reform.

I desire with all emphasis to state that there is no form of philanthropic effort in which either an organization or its members individually should fail to be interested, but it is one thing to be interested and quite another to turn over the machinery of the organization to the promotion of the cause. Is there a rule of action by which we may square the philanthropic with other practical organization activities? Any answer to this question is involved again with the widely differing community characteristics, but perhaps a broad platform may be agreed upon, namely:

The machinery of the community organization shall not be requisitioned in behalf of philanthropic effort where other special and effective agencies are already in the field, or where these can be brought into action with the cooperation but not under the control of the community organization.

#### SUPERVISION OF CHARITIES

Two fields of action are singularly in line with this rule—

One, now largely covered by the more progressive bodies, i. e., that of businesslike supervision of charities

depending upon public subscription. This does not involve any participation in actual operations, but encourages audits of accounts, discourages excessive payment for solicitation of funds, checks up cases where there may be duplication of effort, and certifies to the public those charities which are worthy of support.

#### WORKMEN'S COMPENSATION

The second field is not yet developed, but it follows as a corollary to the first and is pregnant with infinite good to the cause of humanity.

Human life is the price paid for industrial progress, a price as exacting and terrible in its consequences as war itself. Trailing in the wake of this annual toll are innocent women, children and old age, robbed of support and thrown upon the mercies of an often inconsiderate public, not by their own volition, but because industry has taken away the bread-winner or deprived him of his ability to provide. If through industrial advancement great suffering is caused, then out of the surplus of industrial earnings may rightly be demanded an amount sufficient to relieve in some measure this suffering.

I believe it remains for the community organization, which is representative of all elements having to do with commercial and industrial development, to lay firmly upon the hearts of its members the fact that commerce and industry, by which we accumulate whatever of wealth may be ours, owe a certain debt which cannot be escaped to the widow, the fatherless, the homeless and the suffering, made so in a vast majority of cases, not by drink nor because of improvidence, but because industrial progress has destroyed or made impotent a life that was calculated to serve and support others.

#### NATIONALIZE BUSINESS SENTIMENT

Every activity to which I have referred, both in relation to the trade and the community organization, is definitely linked with the development of a given trade or the evolution of some community, but in closing I wish to put emphasis upon the necessity to nationalize business sentiment. American business has not yet freed itself from provincialism, and as a nation we are still inclined to pride ourselves upon our isolation and self-sufficiency. Nationally we were like a childless household until that morning in 1898 when we woke to find in our arms a little family of islands to be shielded, educated and made ready one of these days to take their own place in the world as independent units. Since that day we have been compelled to think in world terms politically, but business has followed this example all too slowly, and we are still inclined to think and act only in the terms of our own business or our own city, a fault conducive to narrowness, sectionalism and selfishness.

Commercial organizations may discharge a great obligation and bring to themselves the surest guaranty of success when they do their part in nationalizing the business mind, in giving breadth of vision and enlarged atmosphere to those members who have never been brought into intimate contact with the great world movements which in our day of commercial interdependence so directly touch their own prosperity.

#### SIGNIFICANT INFLUENCE FOR GOOD

I trust I have made out my case that commercial organization is the most significant influence for good that has developed in the United States within

the present generation. It is exercising a refining influence upon the conduct of business; it is introducing economic science in place of speculation with respect to costs of production and distribution; it is creating the spirit of loyalty to community and of charity, forbearance and brotherhood in all of the relationships which exist between the elements making up our complex commercial life; it is developing a larger sense of responsibility in the individual for the success of government, and thereby kindling a new patriotism which loses nothing of its value to the community or the commonwealth because it recognizes its obligations to the nation, and through the nation, to that wider world family in which we have all come to have a part.

### Commercial Organizations and Foreign Trade

(Continued from page 5.)

do this work, every facility of its Washington office and its branch offices, for purpose of study. This will enable him to gain a complete idea of the facilities which the Bureau has to offer, and will also put in his hands the tools with which to work.

(2) The Bureau of Foreign and Domestic Commerce will furnish the local bureau with all the information distributed by it. This will include:

(a) The details and address of "Foreign Trade Opportunities."

(b) Photostatic copies of plans and specifications which have been sent heretofore only to branch offices of the Bureau.

(c) All confidential circulars issued by the Bureau.

(d) Telegraphic trade opportunities which have been received by cable.

(3) Ordinarily the information which the Bureau can furnish in answer to an inquiry is arbitrarily limited. This is necessary not only on account of the great volume of requests but also because of the limited force of the Bureau. On account of the large number of manufacturers who would be reached through the local organizations, requests from them will receive more detailed and unlimited attention.

(4) The Bureau of Foreign and Domestic Commerce will furnish each local organization with a complete, so far as available, set of the publications of the Bureau.

(5) The Bureau will establish in cooperation with the Superintendent of Documents in each of the local organizations a supply of its publications which are for sale and which will convenience local manufacturers in obtaining the desired information.

(6) All samples which are received by the Bureau from its agents in the field will be sent to the local foreign trade bureaus for exhibition.

It is contemplated that whenever the local commercial organization or the Bureau of Foreign and Domestic Commerce desires, for any reason whatever, to withdraw from any particular arrangement, either may do so upon notice.

#### A COOPERATIVE ARRANGEMENT

There are many details yet to be worked out, and many questions will undoubtedly be raised from time to time. The essential point, however, that must be kept in mind is that this is a cooperative arrangement which will extend the work of the Bureau of Foreign and Domestic Commerce, and will, at the same time, make more definite and practical and valuable to its members the work of any local com-

(Continued on page 19.)



# Commercial Organizations and Civic Development

Address by F. H. Rike, President of the Greater Dayton Association, delivered February 5, 1915, at the Sixth Session of the Third Annual Meeting of the Chamber of Commerce of the United States

**I**T is unnecessary to prescribe methods of commercial improvements, and we can hardly prescribe any methods as being successful. I can simply tell you, rapidly, all that we are doing in Dayton and let you judge for yourselves as to whether the methods are successful or not.

In the spring of 1912, the State of Ohio adopted a new constitution, a new state constitution, by the provisions of which the cities and municipalities of the state were given the right of municipal home rule. The Chamber of Commerce, taking advantage of this, appointed a committee of five business men who very carefully and conscientiously studied the whole proposition, with the result that they recommended to the people of Dayton and to the Chamber of Commerce the adoption of what is known as the commission-manager form or the city manager form of government. I should like to say to you men who are interested in a change of government for your municipality, that the plan we followed in Dayton was much better than to appoint a charter commission of fifteen who would be given the duty of advising a plan of government for your city.

We devised a plan and recommended that it be approved by the Chamber of Commerce and approved by the people of Dayton. We put on a campaign for its adoption and secured its adoption by a majority of two to one.

## CITY MANAGER PLAN

Let me tell you, just briefly, about the city manager plan of government. It provides for the short ballot. It is absolutely non-partisan; and just here I want to say to you, without any spirit of braggadocio, without any desire to boost in the unfavorable sense of that term, that I believe and we in Dayton believe that the commission-manager or city-manager form of government is the most efficient form of municipal government yet devised, and that one year's practical experience with its operations has made that conviction deeper and more settled.

As I say, this plan of government is non-partisan, and provides for the short ballot and the election of five commissioners. These commissioners are charged with the selection of a business manager or city manager with the idea of securing a man trained to the management of municipal affairs. The city manager employs all of the heads of departments, down the line; those farther down the line being subject to certain civil service rules that are provided in the charter. It fixes the centralization of authority; and any of you who, under the old plan, have had reason to go to the city hall with a complaint or with something that should be rectified or righted or should be done, know what it meant to be tossed like a ball from one department to another until your patience was worn out and you were exhausted and nothing was accomplished. But in our form of government the responsibility is absolutely centralized, and without any delay, without any annoyance, you can go to the proper party who should rectify the complaint which you are making.

Our form of government absolutely separates the legislative and administrative functions. It provides for publicity, pitiless publicity. Every man in the public service is under the limelight of publicity, and the people may know and do know what is going on at the City Hall.

And then it provides for modern accounting. Why, think of it, gentlemen: In the City of Dayton there never had been a balance sheet taken, and up until the adoption of the city-manager form of government, it was impossible to take off of the books of the City of Dayton a balance sheet. We did not know what we had in the way of assets or liabilities. Under our present form we have modern accounting, and at the first of this year we were able to take a balance sheet which could be laid before the people of the City of Dayton, and we were able to show by classification the expenditures and receipts of the city.

Can you not agree with me that that is a wonderful advantage? It is absolutely democratic—and that is what we most need in our cities—divorced from the control of any interests, divorced from the control of any party or controlling party influence. We must have government by the people.

## ORGANIZED PUBLIC OPINION

But our form of government, our charter and the form of government it prescribes, were like a great engine directly connected to a dynamo. Back of that engine and dynamo must be some driving force, and back of our government and the form prescribed must be some vitalizing force; and that force in municipal government must be the force of organized public opinion. That has at all times to be back of any form of successful municipal government.

Mayor Hanna, of the City of Des Moines, after our charter had been adopted, and before it was put into effective force, came to Dayton to see what we were doing, and he made the statement to the directors of our greater association that no matter what the form of government, no matter how effective, there had to be back of that government an organized public opinion. The mayor at Binghamton, New York, said that successful municipal government depends not only on expert administration, but also on the intelligent interest and aroused attention of every citizen in municipal affairs.

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because they confined themselves to the old traditions of chamber of commerce work. They absolutely refused to take any interest in the political affairs of the city—and you have to take interest in the policies, which are the political affairs, of the city if you are going to be effective. And so the men who had been most interested in the adoption of the municipal form of government felt that it was necessary to organize a new and great civic commercial organization. A movement was put into effect and started and carried to a successful completion to organize the people of Dayton, not only the firms and corporations in the City of Dayton, but the people of Dayton, into a great body of men, and not only of men but of women, who should take an active interest in the affairs of their city and should look after every piece of social and commercial activity within the city. We formed an association of over 7,000 members, and while we were at work, this statement of Mr. Allen of the New York Bureau of Municipal Research, was made to us, and that was that men and women interested in religious work could, by working together, accomplish any definite scheme toward municipal government, and absolutely abolish misgovernment. If men and women interested in religious work could do that, how much more could men and women inspired with the enthusiasm and patriotism for their city abolish misgovernment in their city?

## IDEAL OF SERVICE

And so we formed the Greater Dayton Association, and the ideal of the Greater Dayton Association is not greatness, it is not bigness, it is not more industries: The ideal of the Greater Dayton Association is service, and the ideal of the Greater Dayton Association is true community welfare. Back of every great forward movement must be the force of some ideal, and back of the force of our movement was that ideal of community welfare.

Just in the midst of our campaign for the adoption of the charter and for the formation of our Greater Dayton Association came a terrible disaster to Dayton; and I want to take this opportunity, gentlemen, to extend the heartfelt thanks of the City of Dayton and an unspeakable appreciation of the action of every part of this country which contributed in friendship and thought and money and clothing to the necessities of the people of Dayton. No human tongue can adequately thank the people of this great country and this government for what was done for Dayton at that time.

One thing more: President Wilson in his talk the other night said that war was handsomer than peace, in that it unified the purposes of the people. So is a great calamity handsomer than the ordinary things that happen to us from day to day, in that it unifies the purposes of the people. So we had that experience in Dayton, that our purpose, our civic patriotism to put into effect the new form of government and to make effective this Greater Dayton Association, were unified by the disaster which we had suffered.

Our first great responsibility is to maintain and to perpetuate our city-manager form of government. Every activity has our attention, it does not matter what it is; every social, every commercial activity of the city has had our attention, and we are not afraid to attack anything that we believe is wrong. We are not afraid to advocate anything that we believe is right. It will either affect adversely the whole welfare of the community or affect it favorably. The first thing that we undertook was the federation of charities. The charities of the City of Dayton were diversified, overlapping, and we placed them into one body, so that we could have one body to deal with and so that there could be no overlapping. We have now going on, or will take very shortly, surveys of poverty and crime, housing conditions, health and sanitation, etc. Mr. Bryce, in his book on America, said that the most evident neglect of the people of this country was the neglect to vote, but the greatest neglect was the neglect to think. What we wanted to do was to get the people of Dayton to think, and we are trying to educate them to think about their city. We have become agitators; we are not going to leave the agitation of public questions solely to the people who are unwise in their leadership, but we are going to try to get the people to know what really is best for the community welfare; and that is one of the great responsibilities and duties of the Greater Dayton Association.

## DEVELOPMENT OF CIVIC PATRIOTISM

We want to develop leadership in the community. The business men of the city, just like the business men of any other city, do not stir until something affects their own private interests, and we want the business men of the City of Dayton to be alive to the things that must be done. We want men to take hold of a project that is for the best interest of the community, and we are trying to develop that sort of leadership. We are doing this: We are trying to develop civic patriotism.

Take the men and women everywhere, and when they see an American flag they are inspired with thoughts of national patriotism, because they know of Concord and Lexington and Bunker Hill and Valley Forge. They know of the War of the Rebellion. They know of all the achievements. It is an open thing in each mind. But I tell you that the young people read in the papers about the "City Hall

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# Rural Credits Under Government Supervision

Address by Hon. Myron T. Herrick, Former Ambassador to France, prepared for delivery February 5, 1915, at the Sixth Session of the Third Annual Meeting of the Chamber of Commerce of the United States

**W**E were raising barely enough food for our own people when the war in Europe broke forth. Now we are called upon to feed countless millions beside our own people, and the need of our farmers for means by which they can vitalize and make available for their uses the vast potential credit which they possess has become apparent to everybody who gives a moment's thought to the question.

It is evident that American agriculture is now to be put to a severe test, when the inadequacy of the existing financial and credit facilities for producing, transporting and marketing the products of American farms will become a matter of concern not only to the farmers, but to the whole nation.

For the past three years there has been increasing agitation for the improvement of rural credit facilities. As a result, state laws for the purpose of providing these facilities have been passed in Massachusetts, New York, Indiana, Wisconsin and Texas, and two bills are now pending in the National Congress. This agitation has brought forth so much literature and discussion that there is a general understanding of the principles that should underlie legislation.

The experience of the last sixty years in European countries has demonstrated the economic soundness of certain principles. It is now generally conceded that we cannot transplant their systems bodily, but we can avail ourselves of the tried principles, and the chief problem now is to apply these principles to our conditions and work out the details of the necessary legislation.

## SHORT AND LONG TERM CREDIT

There seems to be a pretty well-defined opinion that short term credit for farmers is a matter that should be left to the States, but provision for long term mortgage credit can probably be more advantageously made by National than by State legislation, although some supplementary State legislation will be necessary. No movement to extend public aid to farmers has manifested itself in the State legislatures, but in Congress the question has been divided squarely on that point. The Secretary of Agriculture says: "There seems to be no emergency which requires or justifies government assistance to the farmers directly through the use of government cash or government credit," but there are many members in both Houses of Congress who hold the opposite opinion. From my point of view Secretary Houston is right. The Hollis-Bulkley bill undoubtedly possesses many features of merit, the result of painstaking investigation, but its passage would, I believe, be unwise because of its provision for financial assistance by the government. The farmers of this country do not need the use of government funds, nor do they need the use of government credit, any more than do the manufacturers of the country. They have ample credit of their own, provided the machinery is created whereby it can be mobilized and made available.

Moreover, the granting of financial assistance by the government to individual enterprise not only establishes an exceedingly dangerous precedent, but it is a step in the direction of state socialism, which is reactionary in principle.

Another provision of the Hollis-Bulkley bill permits the land banks to extend their facilities to farmers' associations, formed on the building and loan association plan. Now there are in the United States 6,273 building and loan associations, with assets of \$1,137,600,648.00, accumulated wholly through the efforts of their members. Would not these 2,516,936 members, in towns and cities, have a right to demand aid from the government in building their little homes, if such aid be granted to the farmers?

Our building and loan associations are conspicuous examples of what can be accomplished by the utilization of the credit of a large number of individuals by means of financial machinery working under the supervision of the State. In the early days of such associations, most of them failed because of imperfect laws for their creation and government, but since the legal defects have been removed, their success has been notable, and they are now performing a splendid service. They have not had, nor have they needed State aid. They only required wise laws for their creation and regulation.

## PRIVATE CAPITAL AND PUBLIC SUPERVISION

Taking into consideration the characteristics of the American farmer, it would seem best, if a Federal law is to be passed, that it should provide for the creation of land banks with private capital and upon private initiative, to be carefully supervised by public officials, and that such land banks should have little, if any, connection with the Federal Reserve system.

Both the Hollis-Bulkley bill and the Fletcher-Moss bill—which also has many admirable features—provide for cooperative societies and corporations for profit by the same statute, a provision that is almost certain to lead to confusion. Similar laws have proved failures in Europe on the cooperative side. The only successful real estate credit plans of a cooperative character ever devised are the building and loan association and the landschaft, both of which can be best provided for under state laws.

What legislation can do toward mobilizing credit and lowering interest rates is well illustrated by municipal bonds. That the securities of our cities and towns are able to command an almost uniform rate of interest throughout the country is largely due to the laws surrounding their issue, whereby, among other things, investors can be sure that the debt created does not exceed a certain proportion of the security behind it.

There is no reason why long term farm loans, with the proper regulatory legislation, cannot be placed in an equally favorable position with municipal bonds. It is of paramount importance, of course, that the State laws with respect to foreclosure of title, etc., should be standardized, if this is to be brought about. The laws of some States relating to homestead exemptions and redemptions were enacted in days of stress for the purpose of preventing the collection of mortgage obligations held by non-residents, and in some cases they have not been repealed.

## RAIFFEISEN SYSTEM ADAPTABLE

I believe the best system of short time cooperative credit for this country will be one modeled along the lines of the Raiffeisen societies abroad. The primary object of a Raiffeisen society is to assemble or create a collective fund for the use and benefit of its members for agricultural purposes. It is a financial instrument so arranged that it may be used by big farmers and small farmers in combination without distinction, and in the United States it should be given liberal banking powers, under wise laws, to the end that farmers may have the first use of the wealth which they create.

Although the primary object of a Raiffeisen society is financial, it has also a definite social value. The collective liability, whether limited or unlimited, which it imposes on members inculcates a spirit of mutuality and solidarity which forms the groundwork of true cooperation and cooperation is indispensable for the full development of agriculture.

Cooperative banking and long term loans, accorded either by landschafts or by officially supervised corporations, are what I believe is most needed in American agriculture. Long term loans would enable farmers to convert existing mortgage indebtedness into contracts, payable by a series of small annuities, which they can annually recover from the land.

The introduction of cooperative banking would go a long way toward ending the agitation for State aid, because the actual and potential wealth of American farmers is so stupendous that if it were cooperatively organized and utilized, together with the financial facilities now possessed, it would make them completely self-contained in the conduct of their business. Nor would this interfere with the business of existing banks to any extent. On the contrary, they would benefit by the general expansion of the business of the country resulting from the vitalizing of a vast credit which is now latent and unused.

## Commercial Organizations and Civic Development

(Continued from page 16.)

gang," and they hear the city officials exposed to disrespect, and there is not in any metropolis, in that connection, civic patriotism.

What are we doing to correct that? We are having written a short history of the City of Dayton, suitable to be taught in the eighth grade, and we are going to take every measure possible to inculcate into the children and into the men and women of the City of Dayton a civic patriotism.

I want to say to you, gentlemen, that as an officer of the Greater Dayton Association I am impressed with the magnitude of the work. I am impressed with the responsibility resting upon the officers of the Greater Dayton Association, and I think it is one of the important duties of this great chamber, and I am more enthusiastic about its advisability and the work it is doing than ever before. I think it is one of the responsibilities of this great chamber to develop the individual commercial organizations that make up this whole.

## IMPORTANCE OF REFERENDUM

It has been demonstrated at this convention beyond a doubt that the most important expression of the Chamber of Commerce of the United States of America is the referendum; and I want to say to you that in the past it has been a wonderfully strong expression because the organization has been smaller; it has been throughout the east, principally, where there has been opportunity for education and information; but as this chamber grows and goes farther out the danger is that the subject submitted to the different chambers of commerce will be passed upon without due consideration and information, and the moment that you weaken that in any section of the country you are going to weaken the force of this great chamber. It is the duty of this chamber to consider how it may strengthen and increase the ideals of every individual chamber of commerce throughout the United States, and every individual chamber that belongs to this organization.

Just one thing more, and a very important thing: I do not care how efficient nor how intelligent the officers of a local chamber of commerce may be, the activity and the impulse for work and the success of the chamber must revolve about the man who is the executive secretary; and I want to say to you that this chamber can do no more important work than to see to it that it develops a grade of men for secretaries who shall combine leadership and character. We need men of vision of the community welfare, men with a vision that righteousness exalteth a nation; men who are filled with justice and truth and who know how projects are to be urged and considered and why in the successful operation of commercial organizations this great chamber plays a most important part. I hope that it will take that responsibility.



# Commercial Organizations and Civic Development

Address by F. H. Rike, President of the Greater Dayton Association, delivered February 5, 1915, at the Sixth Session of the Third Annual Meeting of the Chamber of Commerce of the United States

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## CITY MANAGER PLAN

Let me tell you, just briefly, about the city manager plan of government. It provides for the short ballot. It is absolutely non-partisan; and just here I want to say to you, without any spirit of braggadocio, without any desire to boost in the unfavorable sense of that term, that I believe and we in Dayton believe that the commission-manager or city-manager form of government is the most efficient form of municipal government yet devised, and that one year's practical experience with its operations has made that conviction deeper and more settled.

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## ORGANIZED PUBLIC OPINION

But our form of government, our charter and the form of government it prescribes, were like a great engine directly connected to a dynamo. Back of that engine and dynamo must be some driving force, and back of our government and the form prescribed must be some vitalizing force; and that force in municipal government must be the force of organized public opinion. That has at all times to be back of any form of successful municipal government.

Mayor Hanna, of the City of Des Moines, after our charter had been adopted, and before it was put into effective force, came to Dayton to see what we were doing, and he made the statement to the directors of our greater association that no matter what the form of government, no matter how effective, there had to be back of that government an organized public opinion. The mayor at Binghamton, New York, said that successful municipal government depends not only on expert administration, but also on the intelligent interest and aroused attention of every citizen in municipal affairs.

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because they confined themselves to the old traditions of chamber of commerce work. They absolutely refused to take any interest in the political affairs of the city—and you have to take interest in the policies, which are the political affairs, of the city if you are going to be effective. And so the men who had been most interested in the adoption of the municipal form of government felt that it was necessary to organize a new and great civic commercial organization. A movement was put into effect and started and carried to a successful completion to organize the people of Dayton, not only the firms and corporations in the City of Dayton, but the people of Dayton, into a great body of men, and not only of men but of women, who should take an active interest in the affairs of their city and should look after every piece of social and commercial activity within the city. We formed an association of over 7,000 members, and while we were at work, this statement of Mr. Allen of the New York Bureau of Municipal Research, was made to us, and that was that men and women interested in religious work could, by working together, accomplish any definite scheme toward municipal government, and absolutely abolish misgovernment. If men and women interested in religious work could do that, how much more could men and women inspired with the enthusiasm and patriotism for their city abolish misgovernment in their city?

## IDEAL OF SERVICE

And so we formed the Greater Dayton Association, and the ideal of the Greater Dayton Association is not greatness, it is not bigness, it is not more industries: The ideal of the Greater Dayton Association is service, and the ideal of the Greater Dayton Association is true community welfare. Back of every great forward movement must be the force of some ideal, and back of the force of our movement was that ideal of community welfare.

Just in the midst of our campaign for the adoption of the charter and for the formation of our Greater Dayton Association came a terrible disaster to Dayton; and I want to take this opportunity, gentlemen, to extend the heartfelt thanks of the City of Dayton and an unspeakable appreciation of the action of every part of this country which contributed in friendship and thought and money and clothing to the necessities of the people of Dayton. No human tongue can adequately thank the people of this great country and this government for what was done for Dayton at that time.

One thing more: President Wilson in his talk the other night said that war was handsomer than peace, in that it unified the purposes of the people. So is a great calamity handsomer than the ordinary things that happen to us from day to day, in that it unifies the purposes of the people. So we had that experience in Dayton, that our purpose, our civic patriotism to put into effect the new form of government and to make effective this Greater Dayton Association, were unified by the disaster which we had suffered.

Our first great responsibility is to maintain and to perpetuate our city-manager form of government. Every activity has our attention, it does not matter what it is; every social, every commercial activity of the city has had our attention, and we are not afraid to attack anything that we believe is wrong. We are not afraid to advocate anything that we believe is right. It will either affect adversely the whole welfare of the community or affect it favorably. The first thing that we undertook was the federation of charities. The charities of the City of Dayton were diversified, overlapping, and we placed them into one body, so that we could have one body to deal with and so that there could be no overlapping. We have now going on, or will take very shortly, surveys of poverty and crime, housing conditions, health and sanitation, etc. Mr. Bryce, in his book on America, said that the most evident neglect of the people of this country was the neglect to vote, but the greatest neglect was the neglect to think. What we wanted to do was to get the people of Dayton to think, and we are trying to educate them to think about their city. We have become agitators; we are not going to leave the agitation of public questions solely to the people who are unwise in their leadership, but we are going to try to get the people to know what really is best for the community welfare; and that is one of the great responsibilities and duties of the Greater Dayton Association.

## DEVELOPMENT OF CIVIC PATRIOTISM

We want to develop leadership in the community. The business men of the city, just like the business men of any other city, do not stir until something affects their own private interests, and we want the business men of the City of Dayton to be alive to the things that must be done. We want men to take hold of a project that is for the best interest of the community, and we are trying to develop that sort of leadership. We are doing this: We are trying to develop civic patriotism.

Take the men and women everywhere, and when they see an American flag they are inspired with thoughts of national patriotism, because they know of Concord and Lexington and Bunker Hill and Valley Forge. They know of the War of the Rebellion. They know of all the achievements. It is an open thing in each mind. But I tell you that the young people read in the papers about the "City Hall

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# Rural Credits Under Government Supervision

Address by Hon. Myron T. Herrick, Former Ambassador to France, prepared for delivery February 5, 1915, at the Sixth Session of the Third Annual Meeting of the Chamber of Commerce of the United States

**W**E were raising barely enough food for our own people when the war in Europe broke forth. Now we are called upon to feed countless millions beside our own people, and the need of our farmers for means by which they can vitalize and make available for their uses the vast potential credit which they possess has become apparent to everybody who gives a moment's thought to the question.

It is evident that American agriculture is now to be put to a severe test, when the inadequacy of the existing financial and credit facilities for producing, transporting and marketing the products of American farms will become a matter of concern not only to the farmers, but to the whole nation.

For the past three years there has been increasing agitation for the improvement of rural credit facilities. As a result, state laws for the purpose of providing these facilities have been passed in Massachusetts, New York, Indiana, Wisconsin and Texas, and two bills are now pending in the National Congress. This agitation has brought forth so much literature and discussion that there is a general understanding of the principles that should underlie legislation.

The experience of the last sixty years in European countries has demonstrated the economic soundness of certain principles. It is now generally conceded that we cannot transplant their systems bodily, but we can avail ourselves of the tried principles, and the chief problem now is to apply these principles to our conditions and work out the details of the necessary legislation.

## SHORT AND LONG TERM CREDIT

There seems to be a pretty well-defined opinion that short term credit for farmers is a matter that should be left to the States, but provision for long term mortgage credit can probably be more advantageously made by National than by State legislation, although some supplementary State legislation will be necessary. No movement to extend public aid to farmers has manifested itself in the State legislatures, but in Congress the question has been divided squarely on that point. The Secretary of Agriculture says: "There seems to be no emergency which requires or justifies government assistance to the farmers directly through the use of government cash or government credit," but there are many members in both Houses of Congress who hold the opposite opinion. From my point of view Secretary Houston is right. The Hollis-Bulkley bill undoubtedly possesses many features of merit, the result of painstaking investigation, but its passage would, I believe, be unwise because of its provision for financial assistance by the government. The farmers of this country do not need the use of government funds, nor do they need the use of government credit, any more than do the manufacturers of the country. They have ample credit of their own, provided the machinery is created whereby it can be mobilized and made available.

Moreover, the granting of financial assistance by the government to individual enterprise not only establishes an exceedingly dangerous precedent, but it is a step in the direction of state socialism, which is reactionary in principle.

Another provision of the Hollis-Bulkley bill permits the land banks to extend their facilities to farmers' associations, formed on the building and loan association plan. Now there are in the United States 6,273 building and loan associations, with assets of \$1,137,600,648.00, accumulated wholly through the efforts of their members. Would not these 2,516,936 members, in towns and cities, have a right to demand aid from the government in building their little homes, if such aid be granted to the farmers?

Our building and loan associations are conspicuous examples of what can be accomplished by the utilization of the credit of a large number of individuals by means of financial machinery working under the supervision of the State. In the early days of such associations, most of them failed because of imperfect laws for their creation and government, but since the legal defects have been removed, their success has been notable, and they are now performing a splendid service. They have not had, nor have they needed State aid. They only required wise laws for their creation and regulation.

## PRIVATE CAPITAL AND PUBLIC SUPERVISION

Taking into consideration the characteristics of the American farmer, it would seem best, if a Federal law is to be passed, that it should provide for the creation of land banks with private capital and upon private initiative, to be carefully supervised by public officials, and that such land banks should have little, if any, connection with the Federal Reserve system.

Both the Hollis-Bulkley bill and the Fletcher-Moss bill—which also has many admirable features—provide for cooperative societies and corporations for profit by the same statute, a provision that is almost certain to lead to confusion. Similar laws have proved failures in Europe on the cooperative side. The only successful real estate credit plans of a cooperative character ever devised are the building and loan association and the landschaft, both of which can be best provided for under state laws.

What legislation can do toward mobilizing credit and lowering interest rates is well illustrated by municipal bonds. That the securities of our cities and towns are able to command an almost uniform rate of interest throughout the country is largely due to the laws surrounding their issue, whereby, among other things, investors can be sure that the debt created does not exceed a certain proportion of the security behind it.

There is no reason why long term farm loans, with the proper regulatory legislation, cannot be placed in an equally favorable position with municipal bonds. It is of paramount importance, of course, that the State laws with respect to foreclosure of title, etc., should be standardized, if this is to be brought about. The laws of some States relating to homestead exemptions and redemptions were enacted in days of stress for the purpose of preventing the collection of mortgage obligations held by non-residents, and in some cases they have not been repealed.

## RAIFFEISEN SYSTEM ADAPTABLE

I believe the best system of short time cooperative credit for this country will be one modeled along the lines of the Raiffeisen societies abroad. The primary object of a Raiffeisen society is to assemble or create a collective fund for the use and benefit of its members for agricultural purposes. It is a financial instrument so arranged that it may be used by big farmers and small farmers in combination without distinction, and in the United States it should be given liberal banking powers, under wise laws, to the end that farmers may have the first use of the wealth which they create.

Although the primary object of a Raiffeisen society is financial, it has also a definite social value. The collective liability, whether limited or unlimited, which it imposes on members inculcates a spirit of mutuality and solidarity which forms the groundwork of true cooperation and cooperation is indispensable for the full development of agriculture.

Cooperative banking and long term loans, accorded either by landschafts or by officially supervised corporations, are what I believe is most needed in American agriculture. Long term loans would enable farmers to convert existing mortgage indebtedness into contracts, payable by a series of small annuities, which they can annually recover from the land.

The introduction of cooperative banking would go a long way toward ending the agitation for State aid, because the actual and potential wealth of American farmers is so stupendous that if it were cooperatively organized and utilized, together with the financial facilities now possessed, it would make them completely self-contained in the conduct of their business. Nor would this interfere with the business of existing banks to any extent. On the contrary, they would benefit by the general expansion of the business of the country resulting from the vitalizing of a vast credit which is now latent and unused.

## Commercial Organizations and Civic Development

(Continued from page 16.)

gang," and they hear the city officials exposed to disrespect, and there is not in any metropolis, in that connection, civic patriotism.

What are we doing to correct that? We are having written a short history of the City of Dayton, suitable to be taught in the eighth grade, and we are going to take every measure possible to inculcate into the children and into the men and women of the City of Dayton a civic patriotism.

I want to say to you, gentlemen, that as an officer of the Greater Dayton Association I am impressed with the magnitude of the work. I am impressed with the responsibility resting upon the officers of the Greater Dayton Association, and I think it is one of the important duties of this great chamber, and I am more enthusiastic about its advisability and the work it is doing than ever before. I think it is one of the responsibilities of this great chamber to develop the individual commercial organizations that make up this whole.

## IMPORTANCE OF REFERENDUM

It has been demonstrated at this convention beyond a doubt that the most important expression of the Chamber of Commerce of the United States of America is the referendum; and I want to say to you that in the past it has been a wonderfully strong expression because the organization has been smaller; it has been throughout the east, principally, where there has been opportunity for education and information; but as this chamber grows and goes farther out the danger is that the subject submitted to the different chambers of commerce will be passed upon without due consideration and information, and the moment that you weaken that in any section of the country you are going to weaken the force of this great chamber. It is the duty of this chamber to consider how it may strengthen and increase the ideals of every individual chamber of commerce throughout the United States, and every individual chamber that belongs to this organization.

Just one thing more, and a very important thing: I do not care how efficient nor how intelligent the officers of a local chamber of commerce may be, the activity and the impulse for work and the success of the chamber must revolve about the man who is the executive secretary; and I want to say to you that this chamber can do no more important work than to see to it that it develops a grade of men for secretaries who shall combine leadership and character. We need men of vision of the community welfare, men with a vision that righteousness exalteth a nation; men who are filled with justice and truth and who know how projects are to be urged and considered and why in the successful operation of commercial organizations this great chamber plays a most important part. I hope that it will take that responsibility.



# Financing Commercial Organizations

Address by Carl J. Baer, Secretary of the Little Rock Chamber of Commerce, delivered February 5, 1915, at the Sixth Session of the Third Annual Meeting of the Chamber of Commerce of the United States

I AM very proud to be here from my state of Arkansas, at the invitation of this great body. In the few moments that I have to talk, if I can but express the feeling of the Arkansas people towards this organization and its willingness to help out down in our country, I shall feel that I have done great service to our people.

Before I go further, I want to state that I represent our chamber of commerce as its secretary, but let me ask to represent it today as a business man and to welcome you to Arkansas, because I have only served sixty days, and out of respect to the secretaries who are here and those who have served long as secretaries, I refrain from giving you advice except as a business man of an organization that has been closely identified with the Little Rock Chamber of Commerce since its beginning, four years ago. Therefore as a business man from Arkansas, I ask you this one important question: How can we in the South ever hope to live and do our share for the people throughout these United States unless we are helped by you at this end of our country? We can contribute several hundred million dollars, down in Arkansas, to your welfare, but we cannot do it alone. President Wilson, in his speech the other day, said that no one man can know the United States. I say to you that you business men in the east and north cannot know our country unless you come sometimes and stay with us a sufficient time to gain some knowledge of the assets that we have to offer. What kind of a trade proposition can we make with this institution here? We cannot live in Arkansas, as a commercial organization in the City of Little Rock, without this institution. Chambers of commerce have lived for fifty years, and the birth of the parent organization only came two and a half years ago, but I believe that this parent organization is the life of every commercial organization throughout the United States.

## FUNDS FOR EFFICIENT SERVICE

Why? I have learned in four days, meeting the men here and hearing the great questions discussed, a great many things. I am going to take a trip back to Arkansas and tell our state that we are not contributing one fifth enough to the financial end of this institution, and that we must get busy and do our share financially to sustain this organization. The life of every commercial organization throughout this world, gentlemen, depends upon its finances. That is our trouble in Arkansas; and Little Rock, upon that basis, raised for itself a fund of \$200,000. I shall not discuss the plans too long. We raised \$200,000, and then built the organization very carefully, and its membership today is good and solid, and the men are staying in that institution because it has financial strength enough to do the State of Arkansas some good.

This great organization here of which I am proud to be a member, has grown in business beyond its capital to run it. Gentlemen, we must be financed. We men who are doing valuable service upon the road today are not doing one fifth the amount that we could do if we could provide the President and his Board of Directors with the necessary finances.

Is it easy to get money? It is mighty easy to get money for such an institution as this. We have been discussing commerce abroad and commerce in the United States, and other vital questions, and we have been here for three days. We have been listening here eight and ten hours a day, and we would like to stay another week if we could. I tell you, now, gentlemen, that I want to go upon record. Arkansas is not paying its proportionate share, because it never has known what this institution is doing. If we could put this business institution of the United States, a non-political organization, in such financial shape as to do effective work, we would see profits other than in dollars and cents.

## RESOURCES NOT DEVELOPED

In Arkansas—and I want to explain it just a few moments—we realize that we are not an industrial center. We are contributing to you in the neighborhood of \$200,000,000, and I want to tell you how we can contribute to you twice that amount of money. You men who are manufacturing what we use down in the South are here to find out how much more money you people can get in the South. As a gentleman from Philadelphia said to me the other day, "Why should I consider the proposition of voting upon the Arkansas River appropriation?" He said, "What good could it do me in Philadelphia?" Gentlemen, that man had not a vision of his country, his United States. He could not see the \$200,000,000 worth of stuff going down the Arkansas River and going, indeed, to Australia, and the money coming back to Arkansas, and part of it spent in Philadelphia.

Let me tell you how we are going to contribute three or four or five hundred millions by January 1st, 1916, through the organization which I have the pleasure of representing, with our \$200,000 fund and our five hundred members. Ninety days ago we went to one of you manufacturers, one of the biggest in the United States, who had looked over the southern field of trade. He said to our organization, "We will spend ten or twenty or thirty or forty thousand dollars if you men will do your best to build up your country, out of which we will get some trade." I called upon the agricultural experts of the State Department of the Agricultural Schools, and the different agricultural associations, and asked them if there was a way to produce \$100,000,000 upon the land that is now producing \$800,000, and they said, "Yes, but we cannot do it without the cooperation of the business men." How will the business men get behind the agricul-

tural forces that will make Arkansas produce two for one? We said, "We business men are going to put it up to you. We are going to pledge the money, and now you have to make the effort, and we are going to make you make good." Here is the plan: We got these forces together and we began telling the farmers that we were going to bring the business man, the farmer and the expert all together in the same country school house and wage a great profitable farming campaign throughout the State of Arkansas. In less than thirty-two days we had got over 1,500 lecturers, all experts of this department, with the assistance of the National Harvester Company. We had talked to over 140,000 farmers; we had brought 140,000 farmers in close business connection with the man who was to finance it, and we put it squarely up to the farmers—"If I will risk a bale of cotton upon that acre of land, will you furnish the money to buy the necessary seed and plow the ground and plant it?"

## RESULTS OF CAMPAIGN

The conclusion was this: In less than four and a half weeks this campaign was ended, and hundreds of thousands of acres today are being plowed and diversified.

Mr. Fahey, you remember Mr. Alexander, the man whom you visited that morning with your directors? He is one of the richest farmers and planters, and he knows nothing but cotton. The people say, "Yes, we little fellows will stop raising this cotton and we hill-billies will sacrifice our two or three acres, and what will the planter do?" He will raise more cotton than ever, because he believes that cotton will be 12 cents instead of nine cents.

Mr. Alexander has done this. He has a thousand acres of cleared land and he has ordered his negroes and said, "You will rent that 40 acres of land from me, and I will finance you, provided you cut it in two and only plant cotton upon 20 acres; there must be plenty for man and beast, and you must do as I tell you. I will stand the loss if I have to feed you during the year." They are growing cotton now, and growing foodstuffs.

What is the answer? In Arkansas we bought \$80,000,000 worth of foodstuffs last year. Suppose we raised that \$80,000,000 worth: We would have the entire \$80,000,000 for luxuries and school books and clothes to wear, because those who had clothes last year have not bought new ones, in our country. Until you make the southern farmer see his opportunity to make two dollars where he is now making one, you will not reap the benefits that you should.

If you could see the opportunity! Send your money there and put it in land. Bring these Belgians or other people, and place them on the southern land and let them go.

## INTERESTING THE CHILDREN

The problem is too big, the time is too short, for me to go into it in detail, but we followed this campaign with another. I want to tell you what the children are going to do for the men of the United States. Some man conceived the idea in his spare moments;—"My, how can we help the children to help us make money?" He conceived the idea of the poultry and pig club, and asked every business man in the State of Arkansas to put up \$5, that \$5 to be loaned to a boy and a girl—I mean the boy and the girl who never saw five dollars in one amount, the boy and the girl who never had any dealings with money, the little child of four or five or six years—five dollars to the boy to buy a pig and five dollars to the girl to buy chickens, a promissory note to be given by the child to the local association of the poultry and pig club, and that child to pay, with six per cent, the principal and interest in one year, or to extend the note to such a time with a mortgage upon the stock, upon the chickens or upon the pig, as the case might be, and to pay back at the end of the time, the money, interest and principal.

What has that done for Arkansas? We have had over 2,000 men who have loaned money, and the United States Government has figured it for us that we have produced \$50,000,000 for the State of Arkansas.

## PROBLEMS OF THE FUTURE

Those are the concrete results even in the poverty stricken condition of the South today, because of the great cotton crisis forced upon our people. How can we help you? This organization has the way and the means through which we must accommodate each other.

The efficient work that this organization is doing daily, the good that it can do in the United States, is beyond anyone's conception. You have made in two and a half years a nucleus from which you should be able to build the greatest organization in the nation, but we are all well aware of the fact that we must also figure on the financial end of this institution. In so doing let us provide for it in connection with the secretaries of the commercial organizations which represent this body. A committee should be appointed—I suggest ten men—to consult with this board of directors. Let us then ask the committee to work out a plan to finance this organization. We should create a school of citizenship, a school for efficiency in the commercial organizations going out from the parent body. Then we will have done for ourselves this year enough to pay us back in millions of dollars where we have put in hundreds of dollars.



## Commercial Organizations and Foreign Trade

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mercial organization. So far only the situation of the local commercial organizations has been discussed. There are many state and national organizations, some of them interested only in one industry or a related group of industries, which must be considered.

In order to show concretely just how the plan will work, let us take a specific example. Under the present arrangements if the consul at Buenos Aires sends in plans and specifications for a big gas engine, let us say, an announcement is made through the "Foreign Trade Opportunities" in "Commerce Reports" or through a confidential circular. A manufacturer in Cleveland, for example, is interested. He must write to Washington and get the information, which takes from two to four days. And we must not forget that the number of manufacturers who do not write and therefore never get it at all is large.

### INTERESTING THE MANUFACTURER

Under the cooperative plan as formulated, Mr. Manufacturer will go to the Cleveland Chamber of Commerce and see the plans and specifications which have already been sent there and secure without delay all the available information. Not only that, however, but many more Cleveland manufacturers will be interested in this opportunity, because many more will have been listed to receive the advance information. It will also be the duty of the local foreign trade bureau to induce the manufacturer to go after the business with more energy and once having secured it to give it more careful and intelligent attention.

Many commercial organizations are, of course, cooperating with the Bureau of Foreign and Domestic Commerce. But it is a wasteful and inefficient kind of cooperation. It too often takes the form of a letter or circular embodying the information received from Washington, which is sent to manufacturers who are thought to be interested. This not only duplicates work which could be done by the Bureau at Washington, but delays the information in arriving at its final destination.

If the Bureau of Foreign and Domestic Commerce, in close cooperation with the commercial organizations of the country, can induce the business community of this country to take an intelligent advantage of the opportunities offered in the foreign field, a truly valuable service will be rendered in the upbuilding of the United States.

## American Registry for Foreign-Built Ships

(Continued from page 7.)

struction in the United Kingdom for the year 1912 is reported to have been 1,088,147 net tons. The gross tonnage is not available, but the figures as given show that the net tonnage construction in one year exceeded the documented tonnage of all the American vessels already plying in foreign trade in 1914. The tonnage actually constructed in the United Kingdom in 1912 for foreigners amounted to 196,672 net tons, and the aggregate tonnage sold to foreigners to 418,179 tons. Our aggregate shipping tonnage is exceeded only by Germany and Great Britain, but that portion of it which competes with the foreign trading nations of the world is much less impressive and only a change of conditions and long-pursued effort of expansion and construction may be expected to restore it to the comparative position it held in its best days.

## Foreign Trade Education

By Prof. Glen L. Swiggett, Chairman Foreign Trade Committee, Knoxville Board of Commerce

THE present European war has brought to the attention of the American people many problems which are demanding a satisfactory solution by the experts of the Federal Government and our larger foreign trades business interests. As a nation we have been quick to see that many of these problems demanded an immediate solution; and have urged and accepted emergency measures. There is apparent, however, in the world of export and import a disposition that the readjustments, made necessary by the novel conditions imposed through the breaking up of former trade lines and policies and the establishing of new ones, be undertaken with greater sense of assured certainty and security. The perspective of only a few months reveals this attitude of mind. It is further brought out by the views presented in the discussion of the uniformly excellent papers read before several of the recent important business conferences. These conferences, particularly those of The National Foreign Trade Council at St. Louis, and of the Chamber of Commerce of the United States at Washington, addressed themselves to a comprehensive discussion of foreign trade possibilities and opportunities.

### A DEMAND FOR KNOWLEDGE

Training for business, even for the simpler relations of a business career, has in some way presented seemingly insuperable difficulties to its complete incorporation in our school system. Our schools and colleges have never kept pace with the increasing demand for the better knowledge of the conduct of business. Training in this, strangely, has been left to private initiative. Only recently have some of the city colleges, in regular and continuation courses, entered the field in successful competition with private business colleges, correspondence schools and the organized educational work of the Y. M. C. A. Is there no demand for foreign service training? Within the week the president of one of our larger colleges wrote me that there was, in his judgment, no demand that a subject be taught with the view of foreign service. I cannot agree with that. In my belief it is the difficulty, insurmountable in our present scheme of things, of teaching such subjects with proper value and correlation that has led to their neglect in our schools. The young men of our country would eagerly pursue such a course of training through the lure of profit or adventure. The interest shown by our students in any subject pertinent to foreign trade, often unrelated and unattached in our college courses, plainly reveals a characteristic trait of American manhood, viz., a romantic restlessness in quest of strange fields, the spirit of conquest of new worlds. If this career be directed through a proper course of study, accessible over a large area of real or latent foreign trade interest, young men will engage upon it like the *conquistadores* of old. I am absolutely certain of this from the keen interest shown by young men in the Latin-American course of study recently introduced in a few of our institutions.

### NECESSARY EDUCATIONAL REQUIREMENTS

Educational preparation for foreign service is a distinctive kind of work, and presents many difficulties in the

way of its immediate and successful introduction in our schools and colleges. Not only does it require instruction in many subjects not now taught, but it compels many other subjects to be taught with new implication. It means almost that the instructors in these subjects be men who have acquired in foreign travel, service and study, an international viewpoint; men who, though specialists, are able to relate their own subject to the other subjects deemed necessary in preparation for foreign service. Language must be taught solely with the object of use; and history, ethics, economics and sociology with the view of national obligation and international relation. If this be true, such instruction cannot be given in our schools and colleges as at present administered. Anyone familiar with the attitude of mind or viewpoint in the usual classroom of today knows that it is impossible. Nor really should we expect it of these schools and colleges.

### COLLEGE LIMITATIONS

The teaching of these subjects is the nation's business, as preparation through them implies service which is distinctly that of the nation, viz., relation with other nations. Concerned as they are with local problems through local support, our city and State colleges cannot give adequate instruction for foreign service unless possessing large manufacturing and export interests. The support of the latter may enable them to do so. Through the lack of opportunity for this training in our schools, many of our larger foreign trade companies have been compelled to establish some kind of training for its own men. Such ventures, however, can only be expedient makeshifts. They have accomplished something like a pioneer purpose in education, and in that alone have a *raison d'être*, despite any excellence in training that they may possess or any number of clever men they may train by it. Such training lacks the promise of permanency and; as a special, unrelated course of study, lacks that correlation in a nation's educational system, distinctive of all education. In this great work of preparing educationally for foreign service, one cannot build upon or through it. Such training is foreign to the genius of this nation, its democracy and educational system. In respect to this the continuation course alone offers a satisfactory compromise. This course, however, to be effective and cooperative can only be given in our larger cities. A better solution offers itself, a solution that will permit all interests involved, government, business, college and student, to cooperate effectively in speedy consummation of the objective purpose of this teaching, preparation for foreign service.

### FEDERAL AID NEEDED

To achieve this, we must make it the nation's business; for it can only be done successfully, evolving naturally, by the largest unit by which we delimit ourselves politically, the nation. The provincial outlook of the smaller units precludes this. Any city or state, however, lacking every foreign trade possibility, may prosper through the nation's trade balance as a result of the latter's wise interest in, and support of, this special training. Such should ever be the nation's business: To undertake and support whatever can be done better by it than by any

constituent member thereof but the profit from which will accrue to all; to refrain from undertaking whatever can be done just as well by state or individual, the profit from which will not redound to the profit of all. In the former comes instruction for foreign service, commercial and consular. By support is meant not only Federal money appropriated for this purpose, but instruction and direction in part from those Departments, like State, Commerce and Treasury, that are most vitally concerned with this important service. Recent Federal measures involving the reorganization of our consular and diplomatic service and the appointment of commercial experts as foreign service agents in the Department of Commerce, the appointment of Federal Commissions of various kinds, the enactment of currency and trade laws permitting larger and more intimate foreign relations in trade and banking, all these not only make it necessary that proper educational training be established to prepare for this service, but permit as well this very service to furnish expert instruction in such schools and colleges as may be designated to give it. It will not be necessary, perhaps, to establish any new schools for this purpose.

### WHERE COURSES MAY BE ESTABLISHED

In our larger cities with natural foreign trade opportunities like New York, Philadelphia, Cincinnati, Atlanta, and others, there are splendid institutions that can, with some modification, establish foreign service courses under extramural direction and maintain such in a manner similar to that of the special work in the attached and quasi-independent Federal Experiment Stations. In such a chain of schools we have the first essential for proper educational preparation, e. g. courses of Federal supervised study that will permit, through definite prescription and uniformity, the preservation of a sense of national integrity in international relations by all young men engaged in foreign service. In the wise selection of these federated schools we shall not only be able to meet the present demand for a foreign service training in cities with foreign trade interests, but shall be able to stimulate the latter in others where exist today potentially just as great trade possibilities. Surely a great educational service.

In each of these schools there should be a small faculty in residence for the teaching of the commercial languages of the world and the fundamentals of foreign service education. The larger part of instruction, however, should be given through sequential lectures of a visiting staff from the foreign service experts of our Federal government and the larger corporations with foreign trade interests. This cooperation in teaching on the part of government and business experts will be of paramount value. Viewing from a common plane matters of gravest concern to our national prosperity, foreign trade and diplomatic relations, and actuated by common ideals of foreign service, government and business should be able, through its representatives assigned for this teaching work, to create a procedure, a foreign policy, mutually beneficial and free.

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## Foreign Trade Education

(Continued from page 19.)

from all misunderstanding, because it is the collective work of the best foreign relation experts.

### HELP FROM GOVERNMENT EXPERTS

It will not be difficult to inaugurate our foreign service training in this manner. With the establishment of the agencies of the Bureau of Foreign and Domestic Commerce, the Department of Commerce is placing in the home field a fine body of foreign trade experts. Commercial attachés and consuls on furlough, together with experts from other Federal Departments and commissions, will supplement the former in the teaching of these subjects. Instruction given in this way, and with only such articulation with other courses of study as may be found absolutely necessary, will prove attractive to young men and permit the training for this service of many who otherwise might not be able to enter upon it. These are the men that are now being prepared for foreign trade by the special training schools of some of our larger foreign trade corporations or in the field of experience. They are most valuable for foreign trade. With proper preparation, knowing as they do their own business so well, they make the most effective foreign trade representatives. Any scheme of study for this purpose must base its work upon the ability of these men to pursue the study of it. They will be the first to engage in it. Naturally, however, like any other field of study, all students will in time enter upon it with better preparation, permitting the customary grades of instruction.

### A GRADUATE SCHOOL OF COMMERCE

If the higher collegiate training should prove inadequate, as I believe it will, a Graduate School of Commerce could be established at Washington or in one of the larger cities, say New York, the nation's business capital, where such restrictions might be put on entrance as to allow only the best prepared young men to engage in this service. From this school will naturally come candidates for the better consular posts, foreign secretaryships and the higher foreign trade positions. This school would be the capstone to this entire federated effort, the real Federal School of Commerce.

### SUPERVISION OF TRAINING

The administration of this Federal training presents no serious difficulties. It should doubtless be through a Board composed of the Secretaries of pertinent Departments, the United States Commissioner of Education, the Director-General of The Pan-American Union and representatives from our national educational and foreign trade associations. In this manner there would be ever present, I repeat, the cooperation of government and business in foreign service training as there should be in all transactions of international character. The supervision and direction of this training by such a Board would have far-reaching consequences in giving to our young men not only superior training but the capacity for sane compromise and conciliation in international affairs.

## Government Ownership of Merchant Vessels

(Continued from page 4.)

In the course of a week every Senator was in actual attendance, and it was estimated that the vote would be 46 to 46, with the Vice-President deciding the tie. This vote was never reached.

No vote was taken on the vote to recommit, for the advocates had the bill in its latest form with only minor modifications introduced in the Senate as a new measure, and on February 5 offered a resolution which would at once bring it up for consideration. This resolution, too, lapsed without a vote; for meanwhile a new parliamentary plan for advantage to the bill had been made.

### BILL AGAIN IN HOUSE

In following out this plan a caucus of majority members of the House on February 15 agreed that the latest form of the Senate bill should be added as an amendment to the Navy mail bill, which is mentioned at the beginning of this article and which had passed the Senate, and this composite bill should be passed with the provisions of the Navy mail bill inoperative until two years after war in Europe has closed. This plan was carried out by the House on the next day, but in the Senate attempts to reach a vote on a motion to concur in the amendment of the House,—in other words, to pass the last form of the Senate bill,—were thwarted, and after several days of debate on questions of procedure the bill on February 18 was sent to a conference committee of the Senate

and House, that they might agree upon its form, and an understanding was reached that it would not again have consideration until February 27.

### BILL FAILED

When the joint committee of conference made their report, it was found that they had provided that although the President has, under the law of August 18, 1914, suspended for 7 years the navigation laws which would otherwise require that officers of foreign-built vessels admitted to American registry should be American citizens, the officers of all vessels acquired under the plan for Government ownership should be Americans. In imposing this limitation, the committee was held to have kept within its powers. But in postponing the operation of the Navy mail bill for three years, instead of two, after the war ceases, it was decided in the House to have gone beyond its authority. Consequently, another "conference" between the two Houses became necessary.

On March 3, however, it developed that 23 Senators were ready to make speeches in order to prevent a vote on a motion for this second conference. As it was apparent that these speeches would occupy all the rest of the time to the end of the Congress, at noon on March 4, and consequently there was no opportunity for a vote on the motion, it was announced that the Ship-Purchase Bill would be urged no further.

## Commercial Organization Topics in Brief

Plans are under way for Detroit to secure a municipally owned convention hall.—*The Detroitier* (Detroit).

War prices of food centers emphatic attention on new land and on farming.—*Denver Commercial* (Denver).

Commercial organizations of Ohio have agreed to cooperate in spelling the word "Ohio" in full.—*The Cincinnati* (Cincinnati).

Success has crowned the efforts of the local Chamber in securing cooperation between the city and country which will make available a fine new road system.—*Chamber of Commerce Bulletin* (Fort Worth).

The Philadelphia Chamber of Commerce and the Pittsburgh Chamber of Commerce have granted reciprocal relations for the use of their rooms and membership privileges to the Erie Board of Commerce.—*Board of Commerce Bulletin* (Erie, Pa.).

The Ministry of Agriculture and Commerce at Peking has selected thirty-seven persons as Chinese business men's delegates to the Panama Exposition at San Francisco. The delegates expect to leave Shanghai sometime next month.—*Current Affairs* (Boston).

Three weeks ago seven carloads of cavalry horses were shipped from the Chicago stock yards to Switzerland, bought for the government of the Swiss confederation by their remount officer, Lieutenant-Colonel Bachofen.—*Chicago Commerce* (Chicago).

The extent of the mining development in the Juneau district, Alaska, promises a great future for that section. The Alaska Bureau is advised that there is beginning this month the operation of the first unit of its big mining plant, which is to be one of the largest in the world.—*New Seattle Chamber of Commerce Record* (Seattle).

The Municipal League of Seattle has asked the Detroit Board's cooperation in a matter that should prove a great benefit to both parties. "Whenever you know of a man who is coming to Seattle," say they, "who has a message worth hearing, let us know in time to arrange a speaking engagement for him. We will reciprocate the favor when we know of such a person planning to visit your city." If this plan of cooperation could be carried out with every large chamber of commerce in the country, it would provide an interchange of ideas that ought to prove very instructive and interesting to members of the various boards.—*The Detroitier* (Detroit).

The Rochester Chamber of Commerce has adopted resolutions in favor of the establishment of a State Constabulary.—*Chicago Commerce* (Chicago).

The Commercial Club largely fulfills its mission when it maintains a machine which can be called upon at any time to do such things as need be done.—*Kansas Citizen* (Kansas City, Mo.).

It may be taken for granted that, almost without exception, there will be found in the United States a manufacturer of the goods desired.—*Providence Magazine* (Providence).

Sandusky, Ohio, is the most recent city to enter the fold of cities operating under the city manager-commission form of government.—*Chamber of Commerce Bulletin* (Richmond, Va.).

The Portland Chamber is cooperating in the plans to make Manila a free port, the idea being to divert some of the trade that naturally goes to Hong-kong to Manila, thus having an American free port.—*Oregon Country* (Portland, Ore.).

Where before there had been few such gatherings, in 1912, due to the efforts of the Convention Bureau, 80 conventions were held in Buffalo, and in 1913, 127 organizations met here, while in 1914, 100 national, international, state and interstate gatherings were attracted.—*Live Wire* (Buffalo).

How many of your fellow members of the local Chamber do you know? One of the purposes of holding the weekly Friday luncheon meetings of the Chamber at the Commercial Club is to promote acquaintance among the members.—*Chamber of Commerce Activities* (San Francisco).

Under the direction of the East Dayton Progressive League, an illustrated lecture on the Panama-Pacific Exposition is to be given, the proceeds of which will go to furnish work for unemployed men, cutting up wood and cleaning vacant lots. This is a practical way of relieving the situation and one in which Greater Dayton Association members should assist.—*Greater Dayton Association Bulletin* (Dayton).

This is no time for useless legislative junkets; no good will be accomplished by providing a replica at San Francisco of the Colonial building Rhode Island erected for the Columbia Exposition, and which was repeated at the Atlanta and Buffalo fairs. It is a time for intelligent action. We are out for business; for something of an enduring character that will be beneficial to Rhode Island and keep the wheels of industry turning steadily. We can get that business and hold it if the Providence Chamber of Commerce plan of providing a pavilion in which can be comprehensively displayed our products is carried out, as it must and will be.—*Providence Magazine* (Providence).